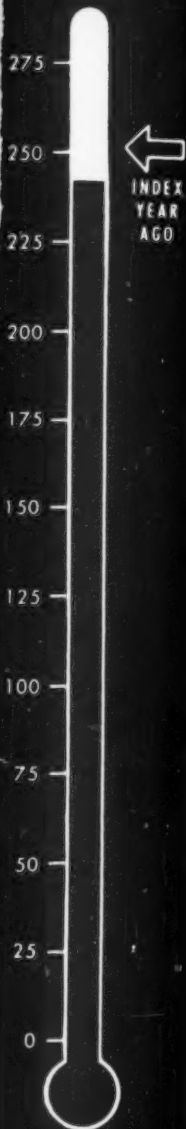


BUSINESS WEEK

INDEX ON PAGE 24



Lingan A. Warren: A daily look at real estate is what counts (page 90)

A MCGRAW-HILL PUBLICATION

DEC. 26, 1953



THERE'S A TOUCH OF **TENNESSEE** IN MERRY CHRISTMAS



*In Dad's necktie,
in Mother's handbag,
in Junior's socks,
in Sister's compact,
in Baby's toys.*

*To those industries
across the nation whose
business has made
Tennessee Products what
it is, and to the millions
of Americans they serve—
Best Wishes for a
Happy Holiday Season.*



TENNESSEE
PRODUCTS & CHEMICAL

Corporation
NASHVILLE, TENNESSEE

Producers of: FUELS • METALLURGICAL
PRODUCTS • TENSULATE BUILDING
PRODUCTS • AROMATIC CHEMICALS
WOOD CHEMICALS • AGRICULTURAL
CHEMICALS

RESEARCH KEEPS

B.F. Goodrich

FIRST IN RUBBER



Backbone of steel in a rubber highway

A typical example of B. F. Goodrich improvement in rubber

EVERYBODY knows it takes iron ore to make steel. But here's an example of steel helping to make iron. The steel is in a rubber highway—a B. F. Goodrich conveyor belt which travels up that long runway you see in the picture.

This kind of job used to cost a lot more because it took three belts to do the work. No one belt was strong enough, flexible enough to haul that far, that steep. Then B. F. Goodrich developed the steel cord belt, with a backbone of steel cords running length-

wise through the belt, each one completely surrounded by rubber. These steel cords give tremendous strength, yet are flexible enough to form a natural trough for the heavy ore, to keep it from spilling over the sides of the belt.

That's the belt now at work in the picture. It handles more than 900 tons of ore an hour in one continuous third-of-a-mile ride out of the pit.

Making a belt for jobs like this is typical of improvements made in other B. F. Goodrich belts—belts to carry materials that tear and cut ordinary

rubber, stand crashing blows of dropping coal and rock, carry oily foods and grains, move packages uphill and down. B. F. Goodrich research constantly improves them all. That's why it will pay you to find out what recent improvements B. F. Goodrich has made in any rubber product you use. Call your local BFG distributor, or write *The B. F. Goodrich Company, Dept. M-133, Akron 18, Ohio.*

B.F. Goodrich
INDUSTRIAL PRODUCTS
DIVISION



TROUBLE-FREE PERFORMANCE to a high degree was built into the S.S. UNITED STATES through careful materials selection. No wonder her designers selected cupro-nickel alloys for many important purposes. Cupro-nickel alloys serve equally well in power generating stations, chemical plants, oil refineries and similar industries in such equipment as feed water heaters, condensers, evaporators and other heat exchangers. Photo courtesy of The American Brass Company.

A practical way to guard against equipment failure

Crippled equipment plays mischief with operations, whether in a vessel afloat, or in a plant on shore.

Less obvious...although equally fundamental...the price you actually pay for material which fails on the job includes tolls of production losses due to equipment downtime.

Minimize the risk of such shutdowns...

For instance, where vital metal parts of various types of equipment are exposed to salt water corrosion, the problem has been solved with a nickel alloy termed "cupro-nickel."

Cupro-nickel alloys minimize maintenance and replacement expense including labor costs, loss of heat transfer capacity and interruptions of operations resulting from corrosion.

Altogether different problems have been solved with Monel®, Inconel® and other nickel alloys. Whatever your industry, let us help you solve your metal problems. Make use of our counsel and data based on years of specialized experience in the treatment, fabrication, properties and performance of alloys containing nickel. Write us today...send details of your problem for our suggestions.



THE INTERNATIONAL NICKEL COMPANY, INC. 67 Wall Street
New York 5, N.Y.

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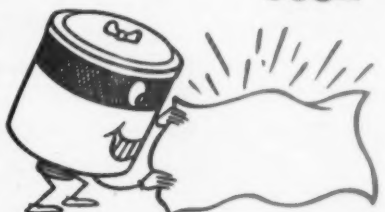
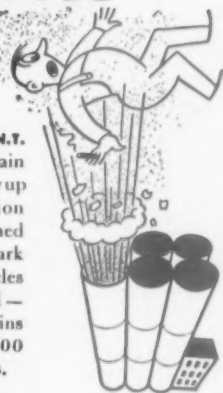
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AIR-MAZING FACTS

BY O. SOGLOW

DUST DEADLY AS T.N.T.

Who'd guess a grain elevator could blow up like an ammunition dump? It happened in Chicago! A spark ignited dust particles in a loading tunnel — blew forty storage bins weighing 300,000 tons off their bases.



BLANKETS A NOISE THAT ANNOYS! When air rushes through engine and compressor intakes it often sets up objectionable sound waves. Air-Maze silencers and filter silencers are specially designed to muffle the noise, keep the neighbors happy.



AIR-MAZE IN THE AIRWAYS. Air-Maze liquid filters keep jet planes flying fast and high — provide 640% more filter area than conventional types. Many other Air-Maze liquid filters for fuel and lubricating oil also available.

WHETHER YOU BUILD OR USE engines, compressors, air conditioning and ventilating equipment, or any device using air or liquids — the chances are there is an Air-Maze filter engineered to serve you better. Representatives in all principal cities. For condensed product catalog write Air-Maze Corporation, Department C, 25000 Miles Road, Cleveland 28, Ohio.

AIR-MAZE

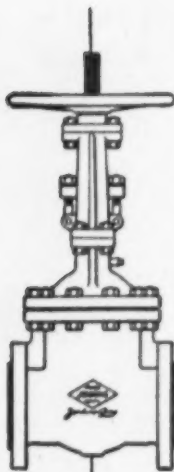
The Filter Engineers

AIR FILTERS
SILENCERS
SPARK ARRESTERS

LIQUID FILTERS
OIL SEPARATORS
GREASE FILTERS

A secure foundation

for future-minded builders



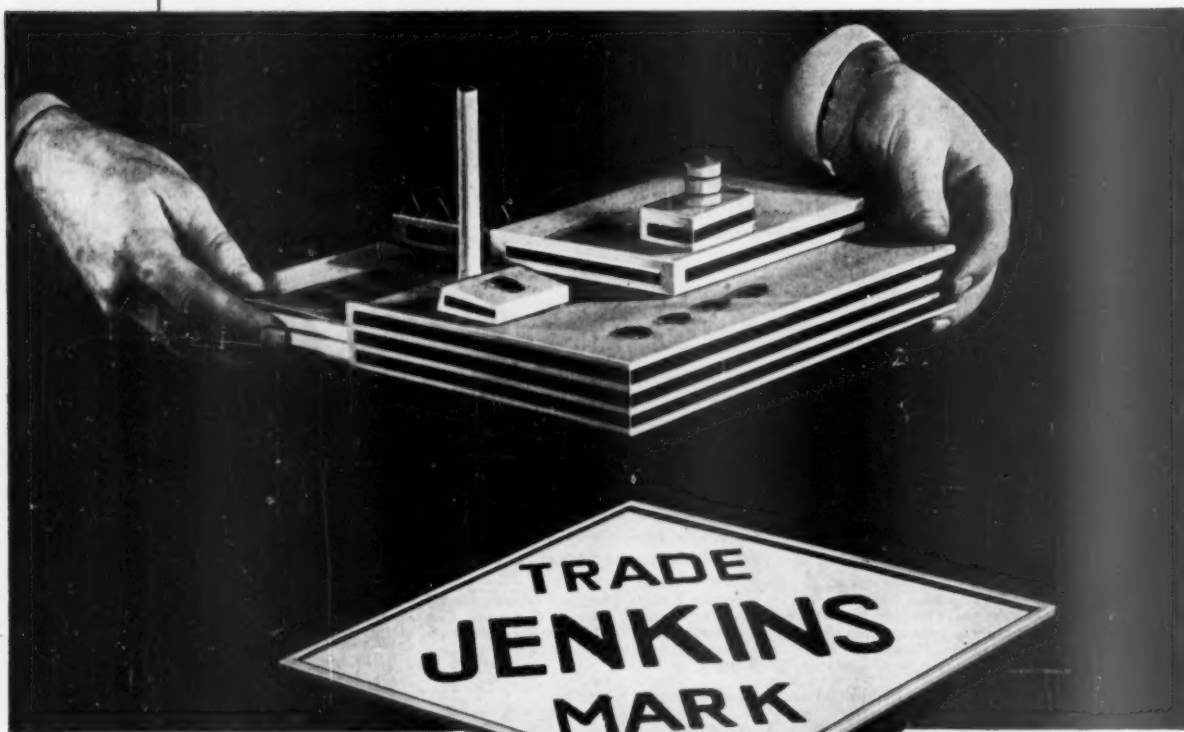
The famous Diamond and Signature trade mark on Jenkins Valves has merited the continuing trust of the nation's foremost builders since 1864.

On this symbol they know they can build with confidence that future, as well as present operating costs will be the lowest possible.

Jenkins builds *extra* endurance into valves . . . proved by low maintenance cost records in every type of service. Yet despite this extra value, *you pay no more* for Jenkins Valves. For new installations, for all replacements, let the Jenkins Diamond be your guide to lasting valve economy. Jenkins Bros., 100 Park Ave., New York 17.

JENKINS VALVES

SOLD THROUGH LEADING INDUSTRIAL DISTRIBUTORS



Jenkins Bros



TYPE EV SPEEDRANGERS are electronically-controlled, Thyatron type, adjustable-speed power drives with a wide range of operating speeds and good speed regulation.

SIZES. 1/8 to 1 1/2 HP with basic speed of 2400 RPM.

SPEED RANGE. Drive speeds are adjustable down to one sixth of the basic speed for continuous duty, 50°C.; down to one twentieth of the basic speed, intermittent duty.

HOW IT WORKS. Single phase AC power is converted by Thyatron type electronic rectifiers to supply a DC variable-speed drive motor. This DC drive motor is of the separately excited type, which inherently has good speed regulation.

STANDARD CHARACTERISTICS are constant torque rating over the full speed range . . . complete control from a compact operator's station . . . infinite steps of speed adjustment . . . smooth starting and good speed regulation.

OPTIONAL FEATURES are jogging, reversing, dynamic braking, wide or special speed ranges and special duty cycles.

New

electronic variable speed drives



TYPE GV SPEEDRANGERS are electronically-controlled, motor-generator type, adjustable-speed power drives with a wide range of operating speeds and good speed regulation.

SIZES. 2 to 10 HP with basic speeds of 2400, 1750 and 1150 RPM.

SPEED RANGE. Drive speeds are adjustable down to one sixth of the basic speed for continuous duty, 50°C.; down to one tenth of basic speed intermittent duty.

HOW IT WORKS. Three or two phase AC power is converted by a motor-generator set and by tube type electronic rectifiers to supply a DC variable-speed drive motor. This DC drive motor is of the separately excited type, which inherently has good speed regulation.

OPERATION. The Type GV Speedrangers have the same standard characteristics and optional features as listed above for the Type EV Speedrangers.

MANY TYPES. The DC drive motor for both the Type EV and GV Speedrangers are available with Master Uni-brakes, Fluid Drives and any of the five types of Master Gearmotors.

THE MASTER ELECTRIC COMPANY
DAYTON, OHIO



a textile
bleaching
problem

was solved in
a pulp and
paper mill



A unique advantage of Mathieson Technical Service was demonstrated recently when a textile mill sought to improve its hypochlorite bleach preparation system. The problem is common to most batch operations . . . high cost due to the supervision required, lack of uniformity and the occasional loss of an entire batch.

The experience the Mathieson Technical Service Representative had gained in converting a pulp mill to an automatic bleach preparation system helped provide an answer to this problem. Working with the plant engineering staff, the Mathieson representative assisted in planning an efficient, economical bleach plant. This modern system provides hypochlorite bleach solutions of improved stability and uniformity with minimum supervision. And, by

eliminating much of the space required for preparation and storage tanks, the new, automatic system has further reduced production costs.

Among the chemical process industries, production problems are often similar . . . sometimes the solutions to these problems have broad applications. Here, the industry-wide experience of the Mathieson Technical Service Staff is of particular advantage. A call to your Mathieson office is all that's needed.



MATHIESON CHEMICAL CORPORATION
Mathieson Industrial Chemicals Division
Baltimore 3, Maryland

caustic soda • soda ash • chlorine • sulphur • sulphuric acid • bicarbonate of soda • ammonia • sodium nitrate
nitric acid • hydrazine products • sodium methylate • sodium chlorite • hypochlorite products • dry ice and
carbonic gas • ethylene glycols and oxide • methanol



Contact **KAYDON** of Muskegon

FOR ALL TYPES OF BALL AND ROLLER BEARINGS: 4" BORE TO 120" OUTSIDE DIAMETER



TOP
TABLE SPINDLE
DOUBLE-ROW
TAPERED
ROLLER BEARING

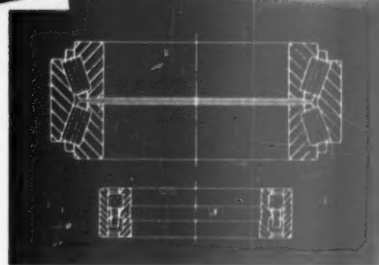
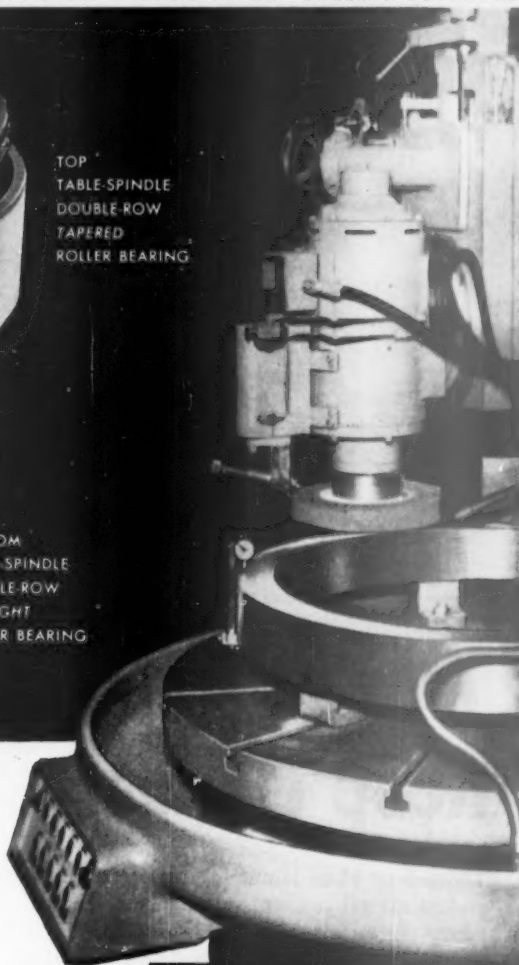
BOTTOM
TABLE SPINDLE
DOUBLE-ROW
STRAIGHT
ROLLER BEARING

KAYDON Super Precision
Double-Row Preloaded
Bearings used in 48-inch
Frauenthal MILLIONTHS-
of-an-inch Grinders

WHY KAYDON Bearings assure millionths-of-an-inch precision with Frauenthal Grinders

WHAT gives Frauenthal Grinders such dependable super-precision performance? Answer: **TWO** double-row preloaded KAYDON super-precision bearings! **WHERE?** In the table-spindles of these modern "Millionths-of-an-inch" grinders, one KAYDON double-row tapered roller bearing at top of spindle, and one KAYDON double-row straight roller bearing at bottom (designed to allow for thermal changes without affecting the upper bearing). Both are preloaded oversize bearings. **RESULTS:** Super-precision grinders vital to production of much of the modern military and industrial equipment responsible for America's leadership.

For machines you make to sell, or buy to use, specify KAYDON Bearings. Contact KAYDON at Muskegon.



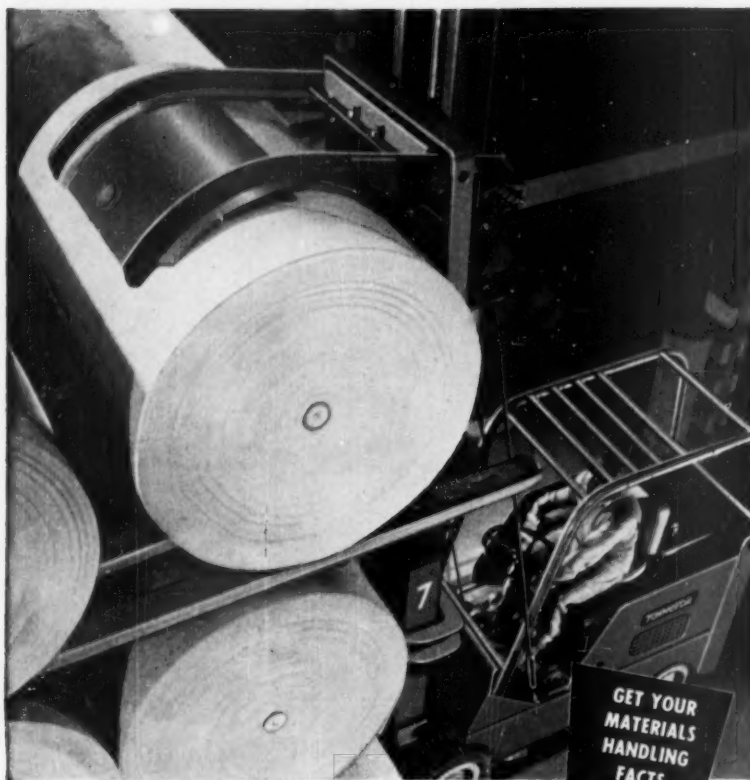
Cross-section showing top double-row tapered, and bottom double-row straight roller bearings, engineered and produced by KAYDON for Frauenthal Grinders.

THE KAYDON ENGINEERING CORP.

MUSKEGON • MICHIGAN

PRECISION BALL AND ROLLER BEARINGS

KAYDON Types of Standard and Special Bearings:
Spherical Roller • Taper Roller • Ball Radial • Ball Thrust
• Roller Radial • Roller Thrust • Bi-Angular Bearings



Towmotor equipped with Roll Clamp stacks 1½-ton roll of paper on fourth tier at plant of Gibraltar Corrugated Paper Co., Inc.

Keep UPKEEP Down!

Towmotor Mass Handling offers tremendous savings in time and labor all through your plant. Fifty to 60% is commonplace. Even up to 98% is not unheard of. And because TowmoTorque Drive, and Power Steering, and new "Cushioned Power" Diesels, and many other Towmotor features keep upkeep down, *you* keep most of what you save!

That's the overwhelming consensus of opinion among operating and maintenance men. When you consider original investment, plus cost of operation and maintenance, Towmotor handles more tons per dollar! Send today for book on TowmoTorque and Power Steering. TOWMOTOR CORP., Div. 212, 1226 E. 152nd St., Cleveland 10, Ohio.



FORK LIFT TRUCKS and TRACTORS
SINCE 1919

TOWMOTOR ENGINEERED FOR QUALITY PERFORMANCE

READERS REPORT

Short-Term View

Dear Sir:

Your article on page 128 of the Dec. 5 issue, *In 1953 Dividends, Less Makes More*, is very timely and brings out quite clearly the fact that the stockholder is the forgotten man in the financial world today. . . .

It is about time that the Treasury Dept. saw that Section 102 of the Internal Revenue Code is forced upon all corporations . . . so that at least 70% of their earnings is paid out as dividends each year. This would enhance the value of the stockholders' stocks in the market place and would give him a much fairer proportion of the earnings.

Speaking as a stockholder . . . what we are interested in is earnings today and stock values today, not 25 years from now.

HAROLD A. MERRILL

BOARD OF TRADE
KANSAS CITY, MO.

Depletion Aids Discovery

Dear Sir:

In your issue of Dec. 5, page 77, you have an article on how a man with \$500,000 income can put \$117,000 in oil wells and take out \$524,700. The article intimates that the government loses in taxes some \$259,000 by the man making such an investment, and that the present law is costing our federal government vast amounts of money. . . .

Oil is very difficult to find and a great deal would never be discovered if it were not for the privilege of charging off intangible development expense and the 27½% depletion allowance to the extent that it exceeds cost depletion. . . .

The public generally has an erroneous conception of the allowances made to crude oil and gas producers.

CLARE A. STEWART

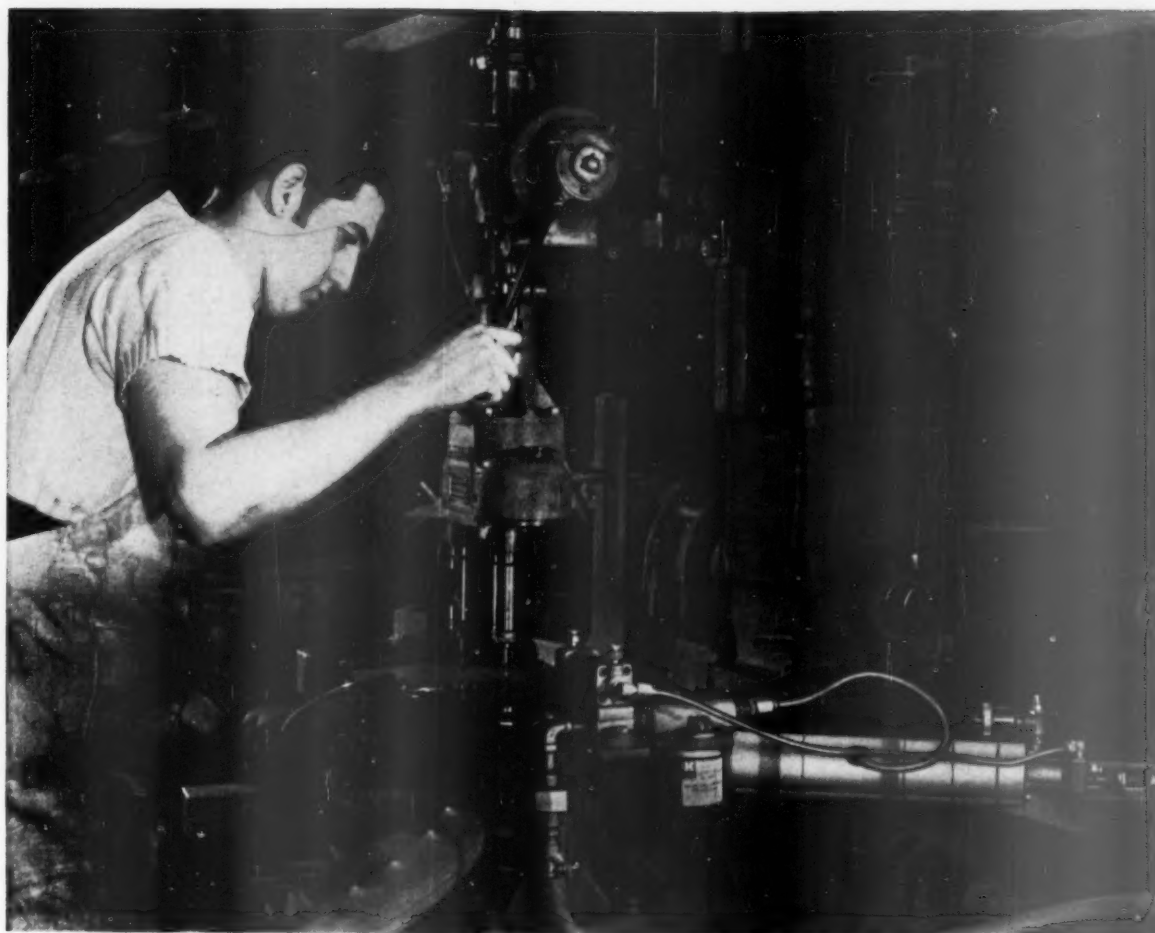
VICE-PRESIDENT
WESTGATE OIL CO.
KANSAS CITY, MO.

Wood Preservatives

Dear Sir:

The article, *Wood: Improving on Nature*, on page 75 of the Oct. 31 issue of *BUSINESS WEEK*, gives an excellent picture of the industry, its markets and its problems . . . but no mention was made of a small but growing group of preservatives, whose use exceeds that of pentachlorophenol in poundage.

These preservatives are a group of soluble salt mixtures, which are forced into the wood in water solution. A chemical reaction then occurs, whereby the preservative is made resistant to



ONE HOLE IS "FREE"

ANOTHER EXAMPLE

of KELLER Air Tools engineered to industry

When automobile production was changed from one model to the next, the design called for three holes instead of two in the exhaust manifold. The extra hole had to be drilled at a different angle from the other two.

Instead of making a separate operation of drilling the extra hole, the tool engineer attached a Keller Airfeedrill to the dual-spindle drill already in use.

Result: the Airfeedrill made the third hole at the same

time the other two were being drilled *without any decrease in rate of production*. Just as many manifolds were drilled per hour and per day as before, so the third hole was "free."

Keller Air Tools save time, increase production, and reduce costs in so many ways for so many manufacturers that they deserve your time to investigate.



DRILLS • SCREW DRIVERS • NUT SETTERS • GRINDERS • RIVETERS
AIR MOTORS • AIR HOISTS • AIRFEEDRILLS

KELLER TOOL COMPANY, GRAND HAVEN, MICH.

WHY do process engineers do it?



AGAIN AND AGAIN we learn where process engineers and gage engineers order gages *specially* designed and built when a Federal Catalog Gage, as is, or with slight modification, will perform as well and usually better. In one instance, the special gage could have been readily obtained by adapting a Federal stock catalog gage (price \$147.00) plus a modest charge (\$45.00) for modifying it. — What was the cost of the special gage? — \$432.00! — That, my friend, is more than twice the cost of the modified Federal gage, *and it is only one of many similar cases.*

Another outstanding example is a customer who ordered from various sources an exceptionally large number of special gages, many of which proved to be unsatisfactory. He could have bought Federal stock gages modified to suit his particular needs, with faster delivery and a saving of thousands of dollars.

We've had a lot of gage experience and we'll be glad to put it to work for you. Before you start specifying special gages, let us know what your process sheets require and we'll see what Federal Gages can be modified to do the job. Federal Products Corporation, 212 Eddy Street, Providence 1, Rhode Island.



leaching, so that lasting, effective preservative action can be obtained in all except the most severe service. . . .

Treatments with these preservatives are economical, and the treated wood is clean, odorless and paintable . . . therefore these preservatives are particularly applicable for wood to be used around the home. . . .

WINSLOW H. HARTFORD
RESEARCH SUPERVISOR
MUTUAL CHEMICAL CO. OF AMERICA
BALTIMORE, MD.

Goodwill, But . . .

Dear Sir:

The Nov. 28 issue of BUSINESS WEEK on page 92, *Where the Office Buildings Are Sprouting Up . . .* deals us a bit of a blow in the teeth. . . .

We have every feeling of goodwill toward our substantially larger competitor, Prudential Insurance Co. . . . but Pacific Mutual is the insurance company that is building headquarters in downtown San Francisco. . . .

FRANCIS M. SMALL
MANAGER, ADVERTISING & PUBLICITY
PACIFIC MUTUAL LIFE INSURANCE CO.
LOS ANGELES, CALIF.

• Sorry.

Hair of the Dog

Dear Sir:

After reading your article on lung cancer and smoking [BW—Dec. 5 '53, p58] I was so alarmed that I had to smoke three cigarettes to calm my nerves.

Honest!

MERRILL INCH
RENO NEWSPAPERS, INC.
RENO, NEV.

Unlucky Numbers

Dear Sir:

In your story on the game and pet business [BW—Nov. 28 '53, p78] . . . I regret only the statement attributed to me that "there are close to 25-million dogs in the U.S."

The correct figure is 224-million. . . .
HARRY MILLER

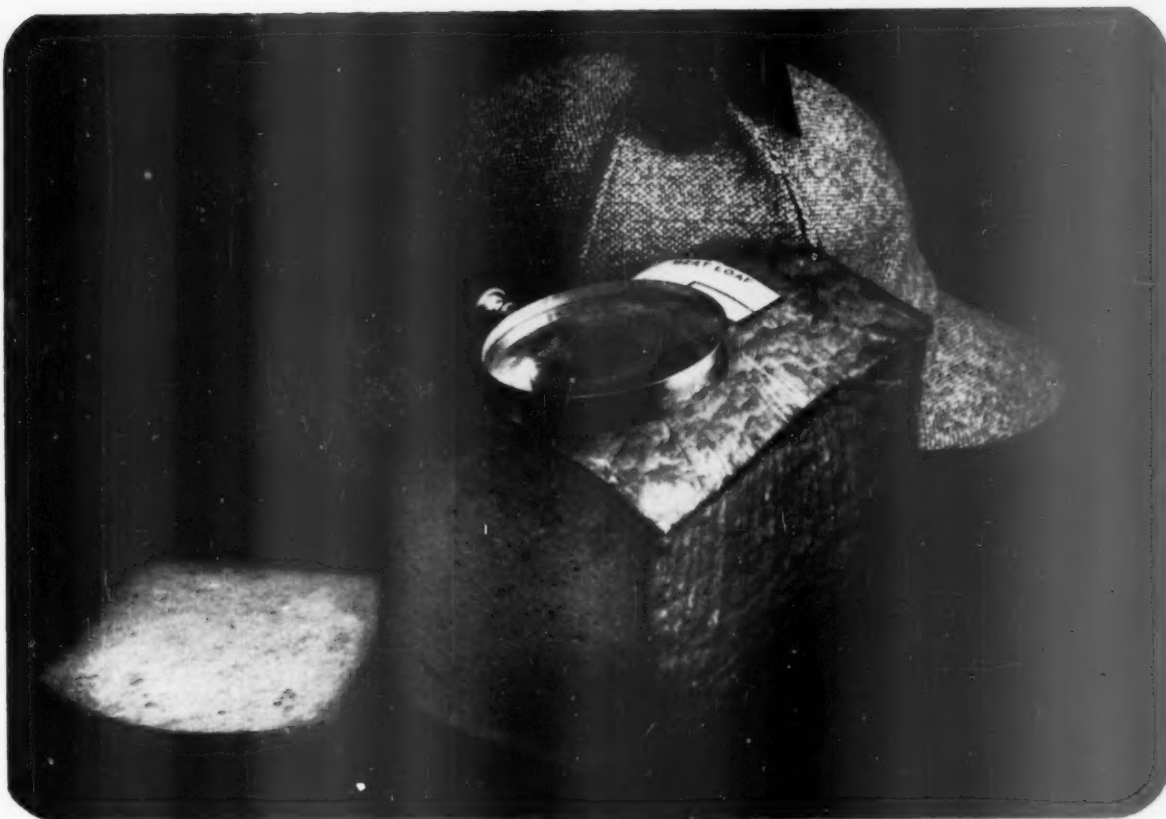
DIRECTOR
GAINES DOG RESEARCH CENTER
NEW YORK, N. Y.

Dear Sir:

. . . On page 50 of the Nov. 21 issue is the statement that over 7,000 mi. of toll roads are under construction. . . . Where in the world did you get that figure? Since 7,000 mi. would cross the continent twice, it is obviously in error. . . .

NAME WITHHELD

• On checking we find that we did



Mystery of the disappearing meat loaf

MEAT loaf has one characteristic that is quite troublesome to packers. Confidentially, it shrinks. When stuffed in conventional casing it gradually diminishes in size and weight—and somebody is tagged with a loss.

Today that problem is happily solved with PLIOFILM—Goodyear's tough, moisture-resistant film. PLIOFILM heat-seals with a virtually moistureproof weld—reducing shrinkage up to 97%.

By providing a skintight cling, PLIOFILM greatly reduces mold growth and sliming. It saves on labor costs because it slices easily without shattering—

doesn't dull knives. And you can't beat it for clear, sharp, multicolor printing.

Best of all PLIOFILM is the thriftiest of wraps because it goes further, yields more protection per pound.

If you're packaging meat loaf, liver sausage, boiled ham or any product that needs moisture protection, it will pay you to investigate PLIOFILM. The Goodyear Packaging Engineer can help you design a PLIOFILM wrap that's tailor-made for your problem. Write him at Goodyear, Pliofilm Dept. L-6410, Akron 16, Ohio.



Good things
are better in

Pliofilm

3-way protection against air, moisture, liquids

Pliofilm, a rubber hydrochloride—T. M. The Goodyear Tire & Rubber Company, Akron, Ohio

We think you'll like "THE GREATEST STORY EVER TOLD"—every Sunday—ABC Radio Network—THE GOODYEAR TELEVISION PLAYHOUSE—every other Sunday—NBC TV Network



Progress at Whiting

a Bi-Monthly Series by Stevens H. Hammond, Chairman of the Board

Perhaps you feel the way a lot of people do about meetings of the board of directors of a corporation—that they're necessary occasions, but oh, so stuffy! If you feel that way, you'll be interested and a little bit surprised to read about the semi-annual meeting of the Whiting Corporation directors that was held in New York City on November 18.

The meeting proper was conventional enough (I'll tell you about it, further on), but following the meeting we held a reception for 250 industrial leaders of the New York area, at the Barclay Hotel. These men are top executives in the fields that Whiting serves: railroading, foundry, chemical processing, materials handling, aviation and metal working. The

essing equipment now being produced by our Swenson Division.

Our guests also saw a "glamorized" presentation of Whiting Loadair, our recently developed system for mechanically parking aircraft flush with airport terminal buildings to eliminate delay in handling both passengers and baggage. The presentation was given by "Miss Loadair" in the person of Miss Martha Johns. She won undisputed claim to the "title" with a Life Magazine photograph which pictured her caught in the propwash of a departing plane at La Guardia Airport.

This directors' meeting in New York was the third "away from home" meeting we've had. We feel that the practice of



"Miss Loadair" tells her story at Whiting reception.

reception provided an opportunity for executives and board members of Whiting Corporation to meet and chat with top management men among our customers and prospects, and to learn firsthand what the current thinking is in the industries mentioned.

For the most part the reception was quite informal, but I took a few minutes at the beginning to tell our guests about some of the recent product-developments at Whiting, like the Trackmobile to switch and spot freight cars, and the new control system being perfected by Whiting engineers which will greatly increase the efficiency of electric melting furnaces. The general theme of my remarks was that Whiting products help industry to accomplish big jobs, faster, better and at lower cost because every piece of equipment that we make is designed and perfected by engineers thoroughly experienced in the field for which the equipment is built. As other examples of this, I referred to a new Whiting wheel-truing machine which will be available in the future to railroad diesel shops, and the highly specialized spray-drying and proc-

holding these meetings in the major industrial centers has proven to be sound. It has made it possible for us to meet hundreds of leading industrialists personally, and to familiarize them with Whiting Corporation, its products, personnel and plans for the future.

Before closing this report, I want to tell you about the business meeting which preceded the reception. Good news is always a pleasure to relate, and I was happy to tell the board of directors that Whiting's net profits after taxes amounted to \$505,961 for the six-month period ended October 31, 1953. This is an increase of 20% over the like period in 1952.

Stevens H. Hammond



not fully report the statement on toll roads made by H. A. Inness Brown, editor and publisher of Gasoline Retailer. He said: "We have over 7,198 mi. of these roads now under construction—especially authorized or proposed—and the probability is that before the end of the next year this number will be doubled."

Dear Sir:

... In the fine article entitled True Engineers, which appeared on page 178 of the Nov. 21 issue, we would like to call to your attention the fact that the Minneapolis Federation of Honeywell Engineers represents about 1,400 engineers rather than 750. . . .

(Mrs.) MARJORIE BRIMI

SECRETARY

MINNEAPOLIS FEDERATION OF
HONEYWELL ENGINEERS
MINNEAPOLIS, MINN.

Which Shoulder?

Dear Sir:

On page 38 of your Oct. 24 issue you stated: "The coal industry gets a cold shoulder from McKay, the Interior Secretary. . . ."

Those of us in the coal industry resent . . . this reporting of Secretary McKay's speech. Far from giving the "cold shoulder," the Secretary, in keeping with the dignity of his office and the obvious requirements of impartial administration of the laws, warmly congratulated the coal industry, and pointed out that his Department was also pledged to help oil and natural gas industries. We should expect him to make similar statements in speaking to meetings of our competitors.

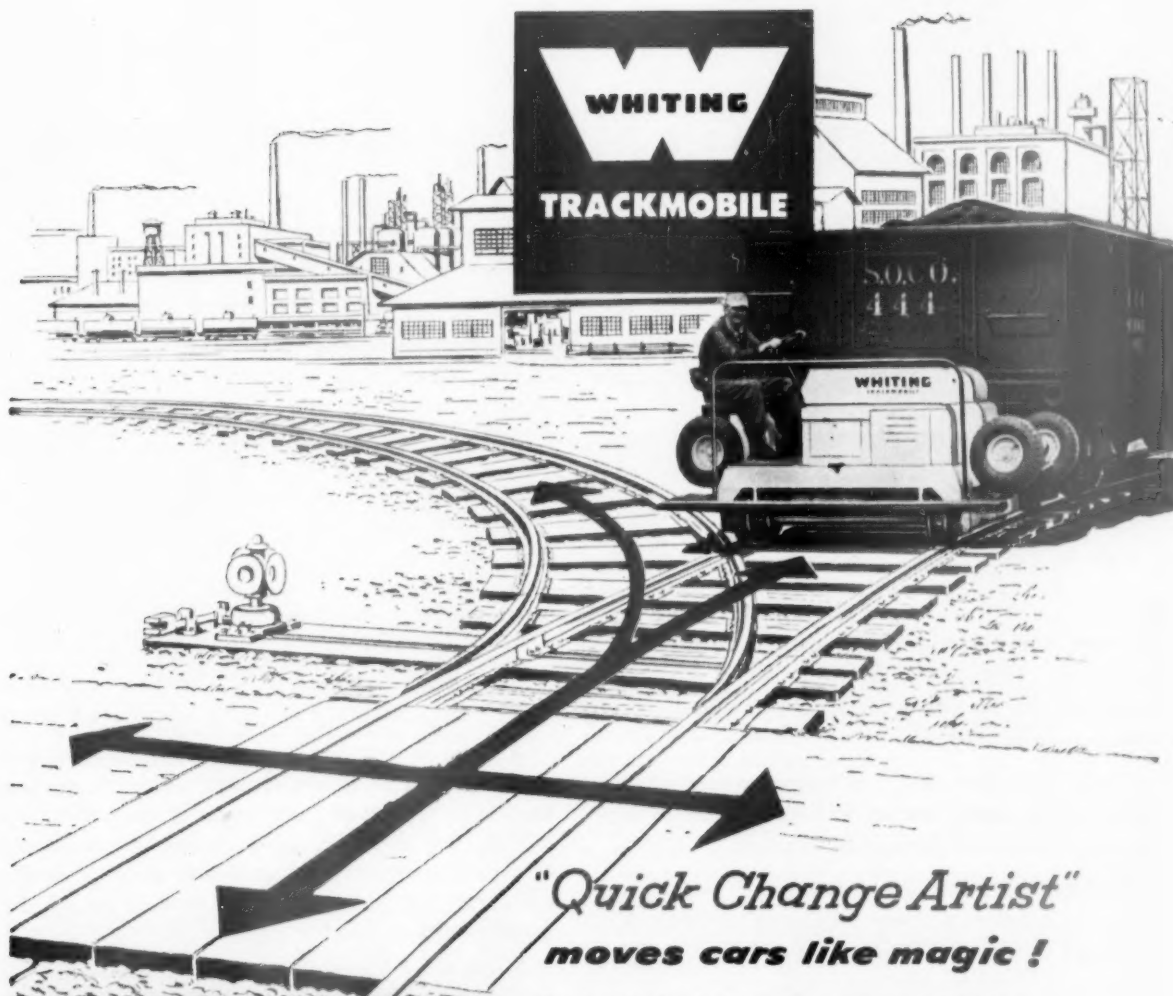
Your statement makes it appear that the coal industry had come to the Secretary, eyes lowered, hat in hand, begging for favors and subsidies. Nothing could be farther from the truth, and we do believe you . . . could have found a better approach to reporting on the National Coal Convention.

V. M. JOHNSTON

APPALACHIAN COALS, INC.
CINCINNATI, OHIO

• We agree that Secretary McKay was cordial. There is no doubt about that. But he also went to considerable lengths in stating that the coal industry, in effect, must stand on its own feet and not rely on such things as oil import quotas, or by way of another example, revival of the Guffey-Vinson Act.

Letters should be addressed to Readers Report Editor, BUSINESS WEEK, 330 West 42nd Street, New York 36, N. Y.



"Quick Change Artist"
moves cars like magic !



The Trackmobile goes right to the job on its road wheels—changes to track wheels in 30 seconds. It's now ready to switch, spot or haul.

For hundreds of plants the sensational Whiting Trackmobile has revolutionized freight car handling. Traffic men claim it is far more efficient than the ordinary switch engine because it travels on track or road and can't be "bottled up." It handles a variety of jobs on different tracks in a matter of minutes. The Trackmobile is low in original cost, low in operating cost. It speeds up freight car movement—reduces demurrage—increases production!

Write today for "Reports From The Field"—a booklet containing practical information for simplifying freight car handling.

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Sales Offices and Distributors throughout the world.

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Trambeam Overhead Handling System



Electric Chain Hoists



Electric Traveling Cranes

Whiting Corporation also manufactures Railroad and Aviation Equipment, Swenson Chemical Processing Equipment and Metal-Working Machinery.

That "more abundant life"

IT WASN'T SO LONG AGO that many Americans were pushing for government ownership of the means of production. And they'll be at it again—"for the good of the workingman" they always say so piously.

Well, how *does* the workingman get along under government ownership, compared to his lot with private ownership of business-for-profit?

In Moscow, in 1953, it takes 25 *times* as long to earn a pound of sugar as it takes in New York.

22 times as long to earn a shirt

6 times as long to earn a quart of milk for a child

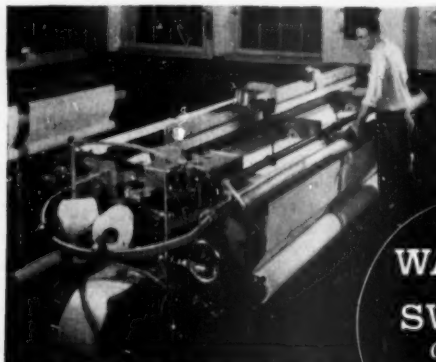
21 times as long to earn a pound of tea

11 times as long to earn a cake of soap

All the words in the world, all the slogans and "isms," can never change those changeless facts—the *opportunity for profit* is the *only* thing which ever improves products and the standard of living—the *only* thing which ever gives the efficient workingman more and more of the good things of life for less and less work.

Then why change it, when every change is always for the worse.

Source: Monthly Labor Review, July, 1953



*Weaving Machine
producing worsted fabric*

**WARNER
&
SWASEY**

Cleveland
PRECISION
MACHINERY
SINCE 1880

YOU CAN PRODUCE IT BETTER, FASTER, FOR LESS WITH WARNER & SWASEY MACHINE TOOLS, TEXTILE MACHINERY, CONSTRUCTION MACHINERY

ON THE "LIGHTER" SIDE WITH ATLAS PRODUCTS

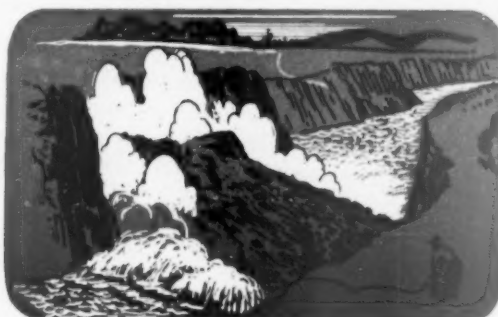
Light and color are among man's most useful servants.

Atlas chemicals, finishes and explosives help to bring them into homes and plants in a host of ways. Perhaps these versatile materials, and the technical assistance of Atlas specialists in applying them, can prove valuable to you, too.



Atlas emulsifiers stabilize "wax" window cleaners

Polishes that leave a high gloss on windows, mirrors and porcelain stay ready to use when they're made with Atlas emulsifiers. These "good mixers" produce emulsions that won't separate out in storage.



ROCKMASTER® explosive methods speed building of power dams

Atlas explosives and Atlas-developed ROCKMASTER blasting techniques give construction men an efficient way to move tons of rock for damming or diverting streams to make electrical power.



ZAPON® finishes cover walls with lasting brightness

Industrial and institutional interiors look better and money is saved, when walls are painted with colorful, durable ZAFLO® maintenance finishes. In the home, appliances and kitchen cabinets are lastingly beautiful because of ZAPON enamels used by their manufacturers.



ATLAC® polyester resins—for clear, bright plastic lamp shades

Smooth, even light comes through glass-fiber-reinforced lamp shades which use ATLAC dry polyester resins with the fibers. Easy-to-handle ATLAC resins give a high lustre without fiber show-through.



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BUSINESS OUTLOOK

BUSINESS WEEK
DEC. 26, 1953

A BUSINESS WEEK

SERVICE

Most of the big auto makers will be out with their new models in another few days—and will push output till they get the feel of 1954 sales.

Manufacturing schedules at major plants now call for a quick jump of 30% over recent levels. That points to monthly operations around a 525,000-car level just as soon as it can be attained.

They may not make it in January. They have to get bugs out of new models. But a fast start would top last January's 466,000.

Forecasts lack some of last year's confidence. Then the industry set itself a goal of 6.3-million cars for 1953 (BW—Dec.20'52,p25).

These days, even a 5½-million estimate for 1954 sounds fairly rosy.

A minimum market—to satisfy "normal" scrappage plus growth—wouldn't be far from 4½-million in any year.

But even that isn't a bedrock guarantee. Economic adversity can force some buyers to drive the old car an extra year—and nip market growth.

Auto sales—new and used—are a major unknown in 1954's equation.

Auto manufacturers are closing out the old year with model changeovers, the holidays, and unsold dealer stocks hampering output.

Yet they are coming mighty close to their 6.3-million-car goal.

When all results are in, 1953 output of new passenger cars will be almost exactly 6,150,000, second only to 6,666,000 in 1950.

Factory value of cars produced this year probably will climb above \$9-billion, eclipsing even the 1950 estimate of \$8½-billion.

Third best year was 1951 with 5,338,000 cars worth \$7¼-billion; fourth was 1929 with 4,455,000 selling at the factory for \$2.8-billion.

Big gainers in 1953's automotive race, of course, have been General Motors and Ford. Each added a couple of percentage points to its share of the industry's factory unit sales (GM above 45% and Ford above 25%).

Chrysler failed by an eyelash to maintain its percentage. Most of the independents lost percentagewise, though turning out more cars.

December was the second poorest month of the year for auto output.

Yet, even with the return of seasonal patterns, 410,000 cars were made. That's very little under last December's 418,000 when the month was the fourth best of a materials-cramped, government-quotaed year.

Even fourth-quarter output, at 1.3-million cars, wasn't bad—although a bare three months ago the industry set its sights on 1½-million.

Dealers called the cutback to avoid being smothered.

Truck production in 1953 hasn't matched the passenger car tempo.

Output of commercial vehicles apparently won't quite reach the 1.2-million mark. (The 1,218,000 total in 1952 had been the smallest since 1946, save for 1949's final count of 1,134,000.)

However, the year still ranks high. The only million-truck year before World War II was 1941; 1929 and 1937 both fell short of 900,000.

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK

DEC. 26, 1953

Business conditions will, of course, have an even more direct impact on 1954 truck output than on passenger car production. Trucks on the road will seem newer if haulage needs should slacken.

(Military takings are a small factor since the cutbacks.)

—•—
Steel producers are tailoring their production to their customers' cloth; they expect to have some idle capacity in 1954.

But don't take the current week's steel output as representative.

The industry's output now is at 67% of rated capacity. That's down from a recent average in the neighborhood of 85%.

There aren't any holidays, officially, in steel. When demand is booming, no mill cools a furnace unless a breakdown threatens.

But this year is different. For the first time almost since 1940, there's no great pressure on the steelmakers. They can rest men at Christmas, reline furnaces, check inventory without customers screaming.

That accounts for the present slowdown in steel operations.

Shortly after the turn of the year, steel gets another setback.

This will be the annual statistical shuffle. Early each year, steel adds up new capacity brought in over the past 12 months. The higher capacity figure then becomes official—and output dips percentagewise.

Thus 2-million tons of steel in any given week at 1953 capacity (117- $\frac{1}{2}$ -million tons annually) is about 88 $\frac{1}{2}$ %. But at the new 1954 capacity (perhaps 121-million tons) the same 2-million tons is not quite 86%.

Many steel operators undoubtedly can operate more efficiently with output a few points under the recent highs. Despite obsolete facilities retired since 1945, some marginal machines were used in much of 1953.

But output doesn't have to sink much below 100% to reach the point of maximum efficiency. Many mill men, meanwhile, expect average operations for several months to be closer to 80% than to 100%.

—•—
Manufacturing employment, which soared 900,000—or 6%—during 1952, will end 1953 below its year-earlier level.

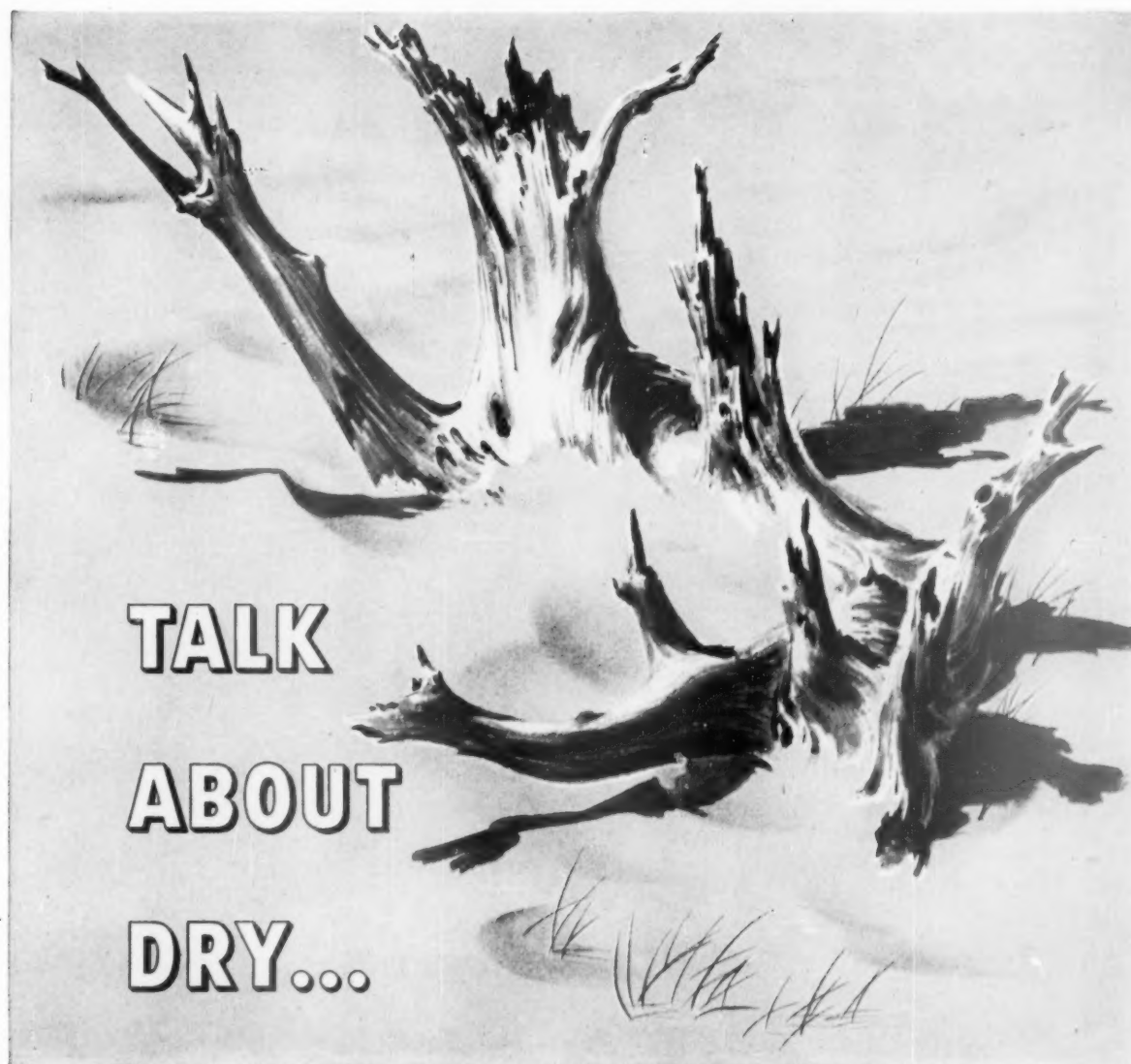
The dip, however, will not be large (maybe 150,000 to 200,000).

It might be worth noting, nevertheless, that there has been a decline of close to half a million since summer. This is in sharp contrast to the brisk expansion in the late months of 1952.

Employment declines have been pretty general in plants manufacturing durable goods in recent months. Even ordnance has turned down.

Most soft-goods lines, however, are about holding up to a year ago.

There is a notable exception in soft goods, though. Textile mills in November had 90,000 fewer employees than a year earlier, and the closely allied apparel trade was running a little behind.



**TALK
ABOUT
DRY...**

Have you tried Alcoa Activated Alumina?

Maybe you think a parched and sun-baked desert is *dry*. Brother, you don't know what dry means 'til you've tried ALCOA Activated* Alumina!

ALCOA Activated Alumina is the "old reliable" in the desiccant field. It dries to lower dew points (minus 100°F and lower) than any other commercial adsorbent. It will not swell, soften or disintegrate . . . can be used over and over again almost indefinitely.

ALCOA Activated Alumina has wide acceptance as an outstanding drying agent. It has simplified processing, sped up production, improved product quality for hundreds of manufacturers. Its desiccating properties are used in the chemical, food, candy, drug, metal, and petroleum industries as well as in air conditioning and the maintenance of oils.

If your business requires speedy, efficient dehydration of liquids, vapors or gases, put in a quick call to ALCOA, or write ALUMINUM COMPANY OF AMERICA, CHEMICALS DIVISION, 700-M Alcoa Building, Pittsburgh 19, Pa.

*Reg. T. M., Aluminum Co. of America

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Alcoa 
Chemicals

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This is National Steel

Using waterways as highways to better steel production

Along the banks of the Ohio—"La Belle Rivière" to the French explorer LaSalle—not far below Pittsburgh lie the river docks of Weirton Steel Company, a major division of National Steel, pictured here by renowned artist Peter Helek.

Working 24 hours a day, great magnet and clam shell cranes unload the massive barges carrying coal and steel scrap . . . hoisting from each barge a cargo that fills from 15 to 20 gondola cars on the cliff above for transfer to the nearby Weirton mills. Here, too, come giant barges of different types bringing oil,

chemicals and other bulk ingredients essential to the steel-making process.

America's great inland waterways serve again as a highway for the transportation of finished steel. National Steel's products are delivered to customers along the 2,200-mile span from Weirton down the Ohio and Mississippi Rivers to the Gulf of Mexico and on to Houston, Texas, 14 barge-days away. More than 3,500,000 tons of materials

passed over the Weirton river docks in the past year, and the capacity of these handling facilities has been markedly increased by recent additions to keep pace with National Steel's expanding steel production.

Use of economical water transportation is another reason why National Steel has become recognized as an efficient producer of high-quality steel products . . . a leader in steel-making progress.

NATIONAL STEEL
GRANT BUILDING

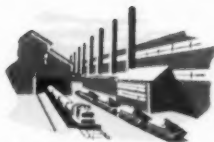


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PITTSBURGH, PA.

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**SEVEN GREAT DIVISIONS
WELDED INTO ONE COMPLETE
STEEL-MAKING STRUCTURE**



GREAT LAKES STEEL CORP.
Detroit, Mich. A major supplier of standard and special carbon steel products for a wide range of applications in industry.



WEIRTON STEEL COMPANY
Weirton, W. Va. World's largest independent manufacturer of tin plate. Producer of many other important steel products.



STRAN-STEEL DIVISION
Ecorse, Mich. and Terre Haute, Ind. Exclusive manufacturer of famous Quonset buildings and Stran-Steel nailable framing.



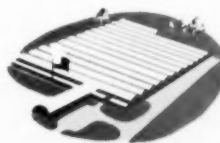
HANNA IRON ORE COMPANY
Cleveland, Ohio. Producer of iron ore from extensive holdings in the Great Lakes area.



THE HANNA FURNACE CORP.
Buffalo, New York. Blast furnace division for production of various types of pig iron.



NATIONAL MINES CORP.
Supplies high grade metallurgical coal for the tremendous needs of National Steel mills.



NATIONAL STEEL PRODUCTS CO.
Houston, Texas. Warehouse and distribution facilities for steel products in the Southwest.





Awards that foretell your gain

Chemicals from coal hydrogenation...

...acclaimed the 1953 Chemical Engineering Achievement!

IN 1933 Carbide received the first Chemical Engineering Achievement Award. This recognized the beginning of commercial production of much-needed chemicals from petroleum and natural gas—which proved to be the beginning of the American petrochemical industry.

HISTORY REPEATS—Now, just twenty years later, Carbide has received the 1953 Chemical Engineering Achievement Award for “the first successful production of chemicals from coal by a high pressure hydrogenation process.”

In minutes, coal becomes gases and liquids rich in needed chemicals—“one of the major contributions in this century to the well-being of us all.”

Some of these chemicals are used in making plastics, synthetic rubber, pharmaceuticals, vitamins, and many other things. Others are completely new and hold great promise.

FOURTH RECOGNITION—Carbide is the first two-time individual recipient of this award. It also is the fourth time the people of Carbide have been recognized, for they shared in two previous group awards—in 1943 for synthetic rubber, and in 1946 for atomic energy.

TRUE SIGNIFICANCE—As in all Chemical Engineering Achievement Awards, coal hydrogenation was recognized not as the accomplishment of any one individual but as the result of the cooperative efforts of many.

The people of Union Carbide appreciate the recognition of their achievement by the distinguished Committee of Award, composed of senior chemical engineering educators.

UNION CARBIDE
AND CARBON CORPORATION
30 EAST 42ND STREET **UCC** NEW YORK 17, N. Y.

UCC's Trade-marked Products include

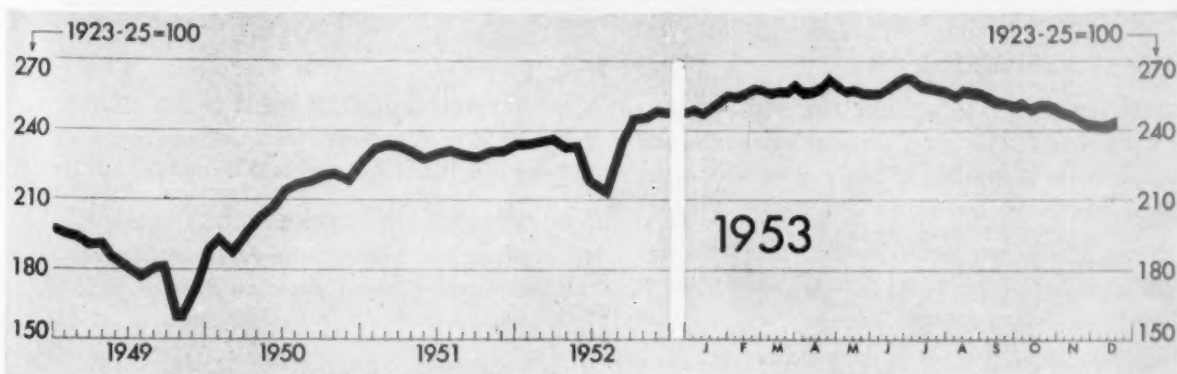
SYNTHETIC ORGANIC CHEMICALS
EVEREADY Flashlights and Batteries
BAKELITE, VINYLITE, and KRENE Plastics

ELECTROMET Alloys and Metals
PYROFAX Gas

HAYNES STELLITE Alloys
DYNEL Textile Fibers
PREST-O-LITE Acetylene

PRESTONE Anti-Freeze
UNION Carbide
LINDE Oxygen
NATIONAL Carbons
ACHESON Electrodes

FIGURES OF THE WEEK



Business Week Index (above) *244.7 †244.4 245.4 250.1 173.1

PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1946 Average
Steel ingot production (thousands of tons).....	1,502	†1,900	1,956	2,133	1,281
Production of automobiles and trucks.....	134,156	†113,145	108,252	134,933	62,880
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$59,031	\$55,491	\$36,105	\$41,226	\$17,083
Electric power output (millions of kilowatt-hours).....	8,896	8,661	8,416	8,280	4,238
Crude oil and condensate production (daily av., thousands of bbls.).....	††6,250	6,225	6,259	6,611	4,751
Bituminous coal production (daily average, thousands of tons).....	1,403	1,367	1,546	1,658	1,745

TRADE

Carloadings: manufactures, misc., and l.c.l. (daily av., thousands of cars).....	69	70	72	74	82
Carloadings: all other (daily av., thousands of cars).....	40	41	49	46	53
Department store sales (change from same week of preceding year).....	-3%	-3%	+2%	+5%	+30%
Business failures (Dun and Bradstreet, number).....	210	216	223	141	22

PRICES

Spot commodities, daily index (Moody's Dec. 31, 1931 = 100).....	409.4	409.0	399.1	404.6	311.9
Industrial raw materials, daily index (U. S. BLS, 1947-49 = 100).....	83.0	83.5	83.7	93.1	††73.2
Foodstuffs, daily index (U. S. BLS, 1947-49 = 100).....	95.9	95.5	93.0	85.0	††75.4
Finished steel, index (U. S. BLS, 1947-49 = 100).....	141.5	†141.4	†141.4	130.6	††76.4
Scrap steel composite (Iron Age, ton).....	\$30.00	\$30.67	\$34.83	**\$42.00	\$20.27
Copper (electrolytic, Connecticut Valley, E&MJ, lb.).....	††29.985¢	29.985¢	29.930¢	24.500¢	14.045¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.).....	\$2.38	\$2.38	\$2.36	\$2.44	\$1.97
Cotton, daily price (middling, ten designated markets, lb.).....	32.56¢	32.56¢	32.84¢	32.70¢	30.56¢
Wool tops (Boston, lb.).....	\$2.12	\$2.12	#	#	\$1.51

FINANCE

90 stocks, price index (Standard & Poor's).....	197.6	196.8	194.1	207.8	135.7
Medium grade corporate bond yield (Baa issues, Moody's).....	3.73%	3.73%	3.75%	3.50%	3.05%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	2½%	2½%	2½%	2½-2½%	3-1%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	N.A.	55,159	53,697	56,566	††45,820
Total loans and investments, reporting member banks.....	N.A.	80,386	80,540	79,977	††72,036
Commercial and agricultural loans, reporting member banks.....	N.A.	23,081	23,377	23,423	††9,299
U. S. gov't guaranteed obligations held, reporting member banks.....	N.A.	32,668	32,605	33,396	††49,879
Total federal reserve credit outstanding.....	26,921	26,681	26,487	27,039	23,883

MONTHLY FIGURES OF THE WEEK

	Latest Month	Preceding Month	Year Ago	1946 Average
Average weekly earnings in manufacturing.....November.....	\$71.02	\$71.73	\$70.28	\$43.82

* Preliminary, week ended Dec. 19, 1953.

†† Estimate.

** Basing pt., less broker's fee.

† Revised.

Insufficient trading to establish a price.

N.A. Not Available at press time.

‡ Date for "Latest Week" on each series on request.

in BUSINESS this WEEK . . .

GENERAL BUSINESS:

SPOT UNEMPLOYMENT: ON THE RISE. Though it's not conspicuous in the national figures, the end of the boom is showing in many spots with major plant layoffs and buying cuts. . . . p. 27

NEW YEAR'S: NO WHITE TIES. There'll be less public cavorting this year; more people will go to house parties—or church. . . . p. 28

WESTINGHOUSE GIVES IT AWAY. Company turns over half-finished glass plant to State of Arkansas after deciding to stick with present suppliers. . . . p. 29

CALIFORNIA DEAL. Sale of federal Central Valley Project is in the talk stage, with strong backing from state groups. . . . p. 29

YOUNG FIRM GETS HELP FROM OLDER HEADS. Both staff of teenagers and adult advisers find a lot to learn in a Junior Achievement company. . . . p. 30

A BRIEFING ON THE DEFENSE BUDGET. Gambling on eased world tensions, the Administration has suddenly moved to cut faster on defense than it had figured. . . . p. 32

STADIUM SOLD. Everybody seems to win in N. Y. Yankees' sale and leaseback deal. . . . p. 33

MOSCOW: READY TO TALK? Signs point that way—especially on atomic and territorial questions. . . . p. 34

Business Briefs p. 36

BUSINESS ABROAD:

TO PLEASE THE RUSSIAN CONSUMER. Shifting their policy, Soviet bosses are trading strategic materials for Western European consumer goods—with no strings attached. p. 68

SWISS WATCHES AND U. S. TRADE. The watch tariff case is coming up again—with the accent on possible antitrust angles. . . . p. 70

Business Abroad Briefs. p. 71

FINANCE:

INSURANCE BOOMS—BUT EARNINGS LAG. New policy sales spearhead the climb as total assets head for a record year, but federal taxes take the punch out of net earnings. . . . p. 58

STATE ACCIDENT LAW IS FULL OF TEETH. Bite of North Carolina's new safety statute is in its ironbound liability provisions. . . . p. 60

Finance Briefs p. 62

LABOR:

CLOSER TO AFL-CIO MERGER? The no-raiding truce, still to be signed by individual unions, could pave the way for unity—especially in light of mounting pressures for a merger. p. 74

THE LABOR ANGLE: Setback on the Waterfront. p. 75

"DRY" FORCES ARE STILL TRYING. But they're tugging against an anti-

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prohibition committee of unions and companies in the business. It's a striking example of labor-management cooperation. . . . p. 76

NEW TOOL FOR ARBITRATORS. William Waite whisks out his camera to help settle job-rating hassles at Brown & Sharpe. . . . p. 78

NLRB AND REDS. Court ruling gets National Labor Relations Board off the hook on leftist questions but points up need to settle responsibility. . . . p. 79

Labor Briefs. p. 80

MARKETING:

PUTTING SAFEWAY IN THE RIGHT PLACES. President Lingan Warren

makes a ritual of a daily conference on the crucial question of store locations. . . . p. 90

COURTS AND FTC SOFTEN ANTI-TRUST. Du Pont and Maico cases will make it harder for antitrusters to win monopoly and exclusive-dealing decisions. . . . p. 100

Marketing Briefs p. 103

THE MARKETS:

RAILS STILL ON DOWNGRADE. They've taken the booby prize in the rally since mid-September. . . . p. 72

PRODUCTION:

A CHEMICAL JACK-OF-ALL-TRADES. Now that there's some hydrazine to spare for nonmilitary experimentation, company labs are hurrying to explore the fuel's many potentialities. . . . p. 43

STANDARDIZATION of NATO military equipment begins, as five countries agree on a standard-size cartridge for small arms. . . . p. 47

THE PRODUCTION PATTERN: Slide Rules and Executive Posts. . . . p. 48

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NEW PRODUCTS p. 55

New Products Briefs. p. 56



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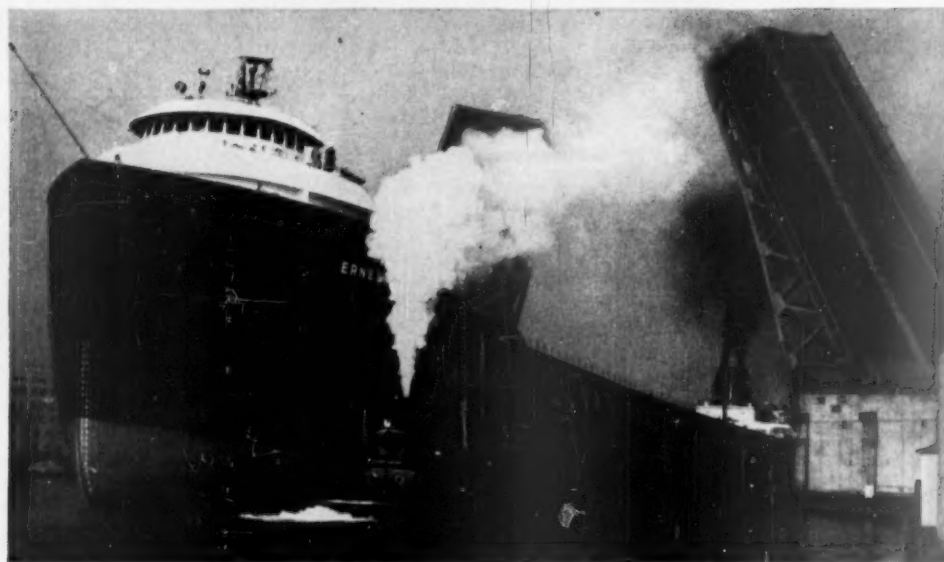
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Here's a good example



S/S ERNEST T. WEIR,

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Spot Unemployment: on the Rise

● It doesn't show up heavily in the national figures, but many localities are feeling the end of the boom.

● There have been a lot of major plant layoffs. The government and consumers have cut their buying from industry; industries from each other.

● This has created local pockets of unemployment that have some city officials seriously worried.

The national statistics on unemployment—like most of the other business statistics these days—paint a picture of a healthy economy slowly settling down from the levels of a great boom (BW—Dec.19'53,p25). Unemployment is rising a little, but few of the government's experts would call the increase alarming.

"Alarming" is a word you hear more often in local government circles. Over the past month, newspapers have reported a steady procession of major plant layoffs. These layoffs, in perspective, probably indicate nothing more frightening than an end of the boom—coupled with normal seasonal causes. But to the particular localities in which the layoffs have occurred, they have seemed much more serious than that. In some areas, they have caused enough unemployment to worry local officials seriously.

Spot unemployment shows up hazily, if at all, in the national statistics. But it can be important nationally—either by threatening to spread, or by pointing up weak spots in the general economic structure. To find out how bad spot unemployment is at the end of 1953, where it is, and what it means, BUSINESS WEEK reporters this week canvassed towns and cities all over the country.

• **Report**—They found all degrees of seriousness, and all degrees of official worry over the future. Generally, the degree of worry depends on the cause of the unemployment:

Seasonal unemployment is probably the least worrisome, because local officials and citizens are fairly used to it and can expect it to end with the season. An example is the current unemployment figure of 85,000 for the De-

troit metropolitan area. That's a big figure—5% of the total labor force in the area. But the big reason behind it is the auto industry's annual model changeover. When the auto makers are ready to change their production facilities from one year's models to the next year's, they lay off workers. When they are ready to start production again, they hire workers back.

Temporary unemployment results from nonseasonal causes that are expected to go away sooner or later. Such a cause might be a strike, a plant fire, or a season of unfavorable weather. In the area of Richmond, Va., for instance, about 1,000 tobacco processing workers have been laid off. The reason behind that is a drought that has cut the Virginia tobacco crop; processing plants have not had enough work to keep operating at normal December levels.

Long-term unemployment is the most worrisome. An example is the employment picture among Iowa farm machinery manufacturers: In 21 farm equipment companies, employment dropped from 18,500 to 14,700 between October of last year and October of this year. The reason is lagging sales to farmers. And behind that are some causes that don't seem likely to disappear quickly: (1) The farmer's buying power is dwindling; (2) he is nervous about his financial future; and (3) he stocked up on equipment during the lush years after World War II, and can make do on that without too much trouble.

• **Other Factors**—Much of the spot unemployment in the U.S. today is of this long-term variety. It's caused by a slowdown of buying—by the government, by consumers, or by other industries.

When a company folds up as a result of such causes, or closes a plant, or lays off a big block of workers, it doesn't necessarily mean personal tragedy for those particular workers. Many of them—especially the highly skilled ones—will be back at work elsewhere within a week or so. What it does mean, and what worries local employment officials, is that there are that many fewer jobs available for the area's labor force.

Luckily, a compensating effect shows up when the competition for jobs gets really keen: The labor force begins to shrink. Housewives, and the old and young on the extreme ends of labor's age scale, simply decide to stop working. To loosen things up even more, many workers pack up and head for greener fields when they find themselves in a local pocket of unemployment.

• **Panorama**—Still, things can get tough for those who stay in the labor force, and who stay where they are geographically. Here's a quick look around the country, at some of the cities where unemployment seems most serious locally or most significant nationally:

Milwaukee: The Wisconsin State Employment Service reports unemployment in Milwaukee County as about 16,000. A year ago, the figure was about 6,000. In January, 1954, the employment service guesses, it may reach 20,000. Layoffs have been scattered among many industries. Breweries are laying off for seasonal causes. International Harvester Co. (farm machinery) began laying off workers in August, eventually halved its Milwaukee plant's work force of nearly 5,200. It has recalled some workers, but not many. Nash-Kelvinator Corp. is "temporarily" curbing production in its auto plants "to keep in step with the current market."

Houston is bothered by cutbacks in the ordnance industry and in agriculture-supported businesses. Ordnance layoffs are due to lower government spending; agriculture industries—especially makers of fertilizer and insecticides—are faring poorly because of the four-year-old drought in the Southwest. Employment officials talk nervously of an ordnance plant in the small town of Texarkana that laid off 5,000 employees in one fell swoop. The layoff affected

just about every family in the town.

New York reports that unemployment has been higher this year than in 1952 through every month since July. Small toy, game, and doll factories have laid off workers by the hundreds. Principal culprit: tough competition from imports. The apparel business is having a hard time because of unseasonably warm weather, though some laid-off workers have been recalled for the heavy Christmas season.

Boston: Textiles and shoes are selling badly throughout New England. U.S. Rubber Co.'s 6,500-worker footwear division at Naugatuck, Conn., last week laid off 300 workers, and now plans to shut down completely for two weeks. Massachusetts unemployment insurance claims rose almost 50% between October and November.

Columbus, Ohio, reports that claims for jobless pay have increased 35% in the past four weeks, and are now 24 times what they were last December. Officials say layoffs are "quite significant" because of so many industries involved. Columbus' list of hardest-hit industries typifies two of the major causes of spot unemployment today: Television and shoes are doing poorly because consumers have slowed down their buying; auto parts and steel, because industries have slowed down their buying from each other.

Salt Lake City blames much of its unemployment—double the figure for last year at this time—on the slash in federal spending. About 18 months ago, one official estimates, there were 32,000 people drawing pay from Washington in the Salt Lake City area. Now, there are under 23,000 on the federal payroll.

Philadelphia: Biggest layoff in the area has been announced by the Pennsylvania RR, which plans to "furlough" a total of 7,200 employees by Jan. 15. About 2,000 will be track and right-of-way maintenance men, who are laid off every winter. Most of the rest are indoor workers. The railroad blames a fall-off in its freight business.

• **Bright Spots**—Despite all these layoffs, few cities report any signs of acute distress. Most of them say unemployment today is lower than it was in the recession of 1949. Some of them expect things to pick up in the spring, when the big winter-idled industries—principally construction—get back to work again.

And almost all of them emphasize that the winter's seasonal layoffs are compensated—at least for a few weeks—by a Christmas seasonal rise in store and post office employment. This Christmas employment probably keeps many off the relief rolls—and it also prevents yearend spot unemployment from showing up as heavily as it might in the national statistics. With Christ-

mas over, unemployment figures may take a jump both locally and nationally.

• **Selection**—Nobody knows for sure whether this spot unemployment will grow deeper, or gradually iron itself out. Some employment officials figure that there are factors strong enough to prevent unemployment from becoming too serious in any isolated area. As long as there's no nationwide recession, they say, each area takes care of itself comfortably enough.

Cleveland provides a good example. Of about 5,000 people laid off in the

past two months, roughly half have been women factory workers. Many of them are housewives, and may simply drop out of the labor force. In addition, the influx of out-of-town workers has slowed down; the people who might otherwise have come to Cleveland looking for work have decided on areas where work is easier to get. On top of that, there's an indication that paid-off workers have migrated out of Cleveland. The result has been a steady process in which Cleveland's labor surplus has been absorbed by other areas.

New Year's: No White Ties

Maybe TV did it. Maybe people are settling down. Anyhow more of them this year will celebrate at house parties or in church—not at night spots.

With a determined air of gaiety and a half-warm highball, the U.S. next Thursday night will officially note the entrance of 1954.

The celebrations, for the most part, won't be much different: There will be the usual number of fallen bodies, the broken glassware, the cozy corners filled with cozy girls, the distraught wives. Like most tribal rites, New Year's Eve partying has become pretty much routine.

• **It Changes**—Nevertheless, as the country lived through Christmas this week, there were certain changes from the past in the way it was warming up for New Year's. For one thing, the prospective partygoers were by no means an overwhelming majority. In many cities, people said they planned to go to church—to watch-night services. Others, like a man in Cincinnati, said they were simply going "to sit in front of the television set and watch those stupid people in Times Square."

Even among those with a party gleam in their eyes, there seemed a difference. While there were many who were eager to cavort, there were fewer who seemed willing to do it in public. Only a handful said they were going out to night clubs or hotels. More talked about parties with friends or with the family. "We always have some sort of do," remarked one midwesterner. "Just the family—and the family doctor."

• **An Age Passes**—In city after city, as BUSINESS WEEK checked on premeditated hilarity this week, the pattern was one of less public celebrating.

There were various explanations for it: costs, baby-sitting problems, traffic safety crackdowns, the competition of TV, pressure from private clubs for members to do their reveling at the club. In a more philosophical vein, one veteran night-life columnist offered the thought that "the age of foolish-

ness has passed. A man feels silly wearing a paper hat and tooting horns when all he really wants is another drink."

Certainly, there is no sign that as parties go inside, they become more sober. The noise may not be so great, but where there is drinking the gallonage remains impressive. The only significant change seems to be that a growing number of people don't go to parties at all. They either sit home or gather for a nondrinking social, of the church or club type.

In Salt Lake City, for example, a newspaper started a survey shortly after midnight last year to see how people were celebrating the evening. The project had to be called off after 10 telephone calls. Four of the people reporters phoned were routed out of bed—and were somewhat less than delighted at the chance to talk to the press.

"Either people are losing the urge to get out and raise a little dust, or else television is keeping them home," says Salt Lake City Police Chief F. Clark Sanford. "At any rate, we have less traffic, fewer parties that get out of hand, and fewer drunks."

• **Still Good Business**—All this would seem to point to a decidedly unhappy New Year's for the men who rely on conspicuous whoopee—the night-club owners and hotel managers. But it doesn't seem to be the case.

True, advance reservations for the holiday have been no great shakes. Several cities—Akron and Phoenix, Ariz., among them—report reservations running 15% to 20% behind last year. One of the Albany (N. Y.) hotels has resorted to soliciting businessmen to try to line up parties. Yet a lot of cities say advance business is as good as can be expected—which means about up to last year's standard.

In New York, the outlook is for a

sellout, perhaps the best night in years. The big Latin Quarter is completely tied up for an RCA party. The smaller Celebrity Club is sold out to several companies. Thus with more than 1,000 seats off the market, space in other spots is at a premium. It's the first break in what has been a prolonged siege of bad business for the club owners.

Like New York, Chicago's clubs have had a dismal fall season. Nevertheless, they say they are selling out for New Year's Eve. (Local columnists suspect there may be a portion of propaganda in this.) Other cities, where nightspots are fewer, say they see no real change from last year—about the same prices, about the same crowds.



Westinghouse Gives It Away

Last week, Westinghouse Electric Corp. handed over to the State of Arkansas a nearly completed glass plant (above)—lock, stock, and barrel, with no strings attached. The presentation came shortly after Westinghouse had announced that it would not complete the proposed \$6-million plant near Hot Springs. The gift includes a 31-acre industrial site plus a virtually completed building with about 100,000 sq. ft. of floor space.

The glass plant originally was planned to feed Westinghouse's lamp division plant at Little Rock, 60 miles away. Developments in the glass industry, however, led Westinghouse executives to the conclusion that they could get glass from normal existing sources as efficiently and satisfactorily as they could produce it themselves, and that completion of the plant could not be economically justified. The trade read that to mean that Westinghouse's threat to build its own glass factory had the effect of reducing glass suppliers' prices. The trade also points out that the management of the lamp division changed after the plant was started.

Only one or two think that traffic will be badly off, and that the general business slowdown is to blame for it.

• **Fewer Spots**—With more people celebrating at home, why aren't night clubs and hotels suffering more?

The answer to this apparent paradox seems to lie in the fact that there are fewer spots around for the fewer people who want to go to them. Night-club business, in general, has been poor for much of the postwar period. The mortality rate has been high. In Philadelphia, where there were a dozen or so good downtown clubs before the war, there are now only about half that many. The crowds may be smaller, but fewer places have to make their living out of them.

California Deal

Sale of federal Central Valley Project to California is in talk stage, with strong backing from state groups.

There may not be a chance in a million that the federal government would, or could, "sell the TVA"—despite the publicity given to the idea since President Eisenhower bracketed TVA and "creeping socialism." But there's one sale of a federal project that may be in the offing—a project that rates high with Westerners, too: California's \$500-million Central Valley Project.

In fact, it's because the CVP's irrigation, flood control, and power developments stand so high with Californians that the state is in the market to buy it lock, stock, and barrel—or more accurately, dam, power plant, and canal. Powerful interests in California are backing state ownership, and state officials are acting under a directive of the state legislature in negotiations.

• **Progress**—Right now, California spokesmen and Bureau of Reclamation officials, with Secretary of Interior Douglas McKay's approval, are getting down to figures. A memorandum was signed after a discussion in Washington last month. The federal officials agreed to furnish data for figuring CVP's present worth. Representatives of the California Water Project Authority agreed to make the present-worth computations and to submit tentative purchase conditions.

• **Why?**—State ownership has the backing of such groups as the California State Chamber of Commerce and California Farm Bureau Federation.

A 1902 federal law provision preventing sale of CVP water to farms of over 160 acres (320 acres for married couples) has aroused a storm: Californians say it aimed at land speculation in newly opened desert areas and should not apply to land already cultivated. Some California farms in need of CVP water comprise thousands of acres under corporate ownership.

Other reasons: fear that low federal power charges might jeopardize CVP's financial stability; hope that revenues would help to finance irrigation costs.

• **Hurdles**—A deal is in the works, but not yet in the bag. Federal dollars (\$470-million) have already gone into CVP, and Congress would have to be convinced on the price offered. The federal government would also require assurance that all authorized units of CVP would be completed. Secretary McKay is going along at this stage, but is said to have many doubts.

F. M. Sloan, manager of Westinghouse's lamp division, says the gift was inspired by the early December trip of Gov. Francis Cherry of Arkansas to New York to speak to eastern industrialists on the advantages of locating industries in Arkansas. Another factor, according to Sloan, was the excellent reception and cooperation given Westinghouse by the Hot Springs community and "our desire that it still may benefit from whatever contribution this plant would have made to the vigorous industrial growth of the state."

In any case, Westinghouse figures the gift isn't a total loss to the company. It had put only about \$750,000 into the plant. Some of that represents machinery, which is not included in the gift, and the company can now take a hefty tax write-off on the rest. And as a goodwill gesture, the gift will compensate for the prospective 500 new jobs that never did materialize.

The state hopes it will be able to get another industry to take over the site. Since it is near the bauxite-rich Arkansas hills, officials think one of the aluminum companies would be a natural.



BOARD MEETING of Custom Products Co., a Junior Achievement teenage outfit. Adult advisers (standing) are C. C. Tippet (left) for finance, and J. E. Walker, sales.



BOW TIES are main item of Custom Products. Here adviser Walker watches as the youthful

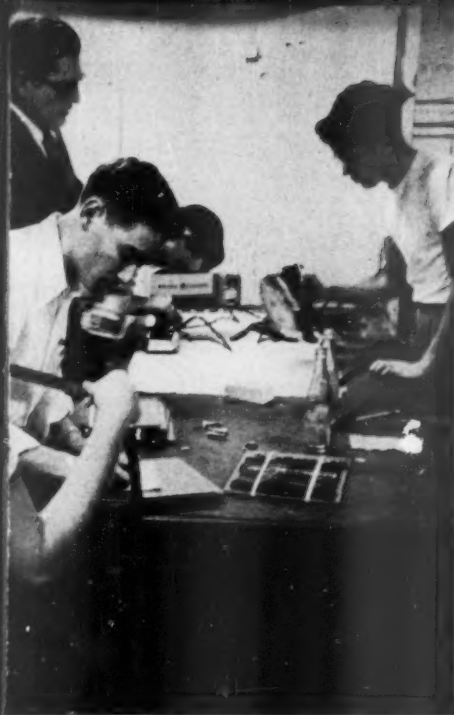


A STEAM IRON furbishes the product. In rear, Walker watches process. Adult executives

Young

Early this week the Custom Products Co., of Cleveland, was working like mad to fill the last of its Christmas orders. All three sewing machines were humming. All hands—that's five workers and five officers—turned to on the company's output of bow ties.

Small wonder, too. Custom Products had found itself with unfilled orders for six dozen ties, accumulated while the company had been running at its



officers and workers stretch finished products on display cardboards.



THE TREASURER posts his report on blackboard before the meeting. Production adviser J. L. Collens (right) watches kids tying loose ends of thread.



maintain guidance throughout as the kids learn facts of business life.



COMPANY OFFICERS sell ties to customer-stockholder Howard Ruben (left), seize the occasion to sell five shares of stock (50¢ a share) to shopper who stepped in.

Firm Gets Help from Older Heads

normal two-hour-a-week production schedule. Now the staff, who are also stockholders, scented a profits melon to be cut over and above its 10¢-an-hour regular wages.

The bustle at Custom Products was duplicated at most of the 1,500 other Junior Achievement companies in the country, 80 of them in the Greater Cleveland area. Their whole operation is an industry-supported program to give

teenagers a preview of the problems of adult business. JA started in 1919, became national in 1942.

• **Guidance**—A key feature of the program is adult advice. Its sponsors beat the woods for executives who will give time to help steer the teenage industrial coracles. The work helps the executives, too, according to George Rounds, sales manager of Industrial Rayon and a JA adviser. "It gives you a practical course

in human relations—the kind money can't buy," he says, adding that a man overcompartmented in a big company can get a new appreciation of over-all problems from his JA experience.

• **One Year**—Custom Products is reasonably typical of the whole JA setup. Each company has a corporate life of one year. The first step is to find a group of 10 to 15 youngsters who can get together the same evening each

week. For Custom Products they were recruited from Cleveland high schools.

Reliance Electric Co. made the adult contribution to Custom Products. General purchasing agent C. C. Tippet volunteered to advise on finance; engineer J. L. Collens supervised production; and salesman John E. Walker watched over selling. These three, with 250 other Cleveland volunteers, took a one-day course in how to get along with the kids, and how JA is run.

The advisers decided that Custom Products would confine itself to two products: the narrow bow ties dear to the young, and stainless steel watchbands.

Then it was up to the kids to raise the necessary \$100 capital. As nearly always in JA companies, Custom Products issued 200 shares of stock at 50¢. Members of the company can own no more than five shares each. The rest are sold to outsiders (preferably potential customers), with the same five-share maximum. Each company fixes its own wage scales.

• **Expenses**—There are a few basic expenses: \$2 for a charter from the national JA organization, \$5 for a kit of stock certificates, order forms, book-keeping paraphernalia, and JA labels to be placed on the products. Besides this, each company must pay rent for office and production space in the local JA center, must pay for the use of machines, and must buy materials through normal business channels.

Officers are elected at the first organizing meetings, though a new batch must be selected at midyear to spread the executive experience around. Right now, Merle Horowitz is president of Custom Products; Bob Heiner is vice-president, Steve Hinds is treasurer.

Custom Products hit a snag at the start because none of the girls was experienced at the sewing machine. The wife of adviser Walker volunteered to help out there—she's been helping at it every week since. Average production has been three dozen ties at each weekly session. The kids became so excited over them that the wristband end of the business has suffered. Still they've sold five or six dozen of the bands.

• **The Margin**—Custom Products sells its ties for \$1.25 retail, \$7 a dozen at wholesale. The watchbands have been reduced to \$1.50 retail. Since both products cost about 30¢ per item to produce, the company has high hopes of cutting a melon come liquidation time if sales hold up.

Not all JA companies reach that happy state, though most of them are able to pay off their stockholders. About 20% of all the companies fail. Oddly, the managers of JA think that the kids in companies that fail learn at least as much as those who have been successful.



CONGRESSIONAL LEADERS met with the President (extreme right) last week.

A Briefing on the Defense

President Eisenhower's Administration has suddenly decided to gamble on a steady improvement in world tensions, and will cut defense faster than it had previously planned to do. That was the most startling single fact to come out of Eisenhower's policy meetings with Congressmen (picture) last week.

This week the Defense Dept. forecast military spending in the fiscal year 1954-1955: about \$38-billion. This is \$5-billion less than the spending program of about \$43-billion anticipated for fiscal 1954, which ends next June 30.

• **Shift**—Up until a little over a week ago, the feeling had been that the Defense Dept. would present a spending program of about \$40-billion for fiscal 1955. According to top Pentagon civilians, it would take that to continue defense programs already in force and begin to reduce manpower over the next 18 months. Any deeper cut—Pentagon officials said—would hit too much muscle and raise a storm of protests from the generals and admirals. Indeed, the reduction to \$40-billion had already been tough to work out with the uniformed brass.

But that was all before the defense budget went to the White House. On Dec. 12, at a three-hour conference attended by the President and top defense and budget officials, the defense spending program was gone over in

detail and squeezed more. On Dec. 15, the revised estimates were presented to the National Security Council. Next day the defense program was the principal subject of the President's weekly Cabinet meeting. Congressional leaders finally came in for briefing at the three-day conferences that ended on Saturday.

• **Opportunity**—The defense program offers the only hope the President and his fiscal advisers have of coming close to a balanced budget—a political promise that the President intends to keep. And last week, it turned out to be about the only major area in which the President could get down to facts with the Congressmen.

Congressional insiders say the White House conferences were like a well-executed military demonstration. The President was still the general—briefing his aides and lieutenants on a major mission: how to win in 1954 with a dynamic, progressive program.

Troublesome specifics were still ahead: how to handle Taft-Hartley revisions, extension of farm price supports, trade legislation, debt limit ceiling, statehood for Hawaii, taxes, and civil rights.

The detailed recommendations will come later as Eisenhower begins sending programs to Capitol Hill.

The President was able, though, to talk authoritatively on the military budget.

• **Blankets**—One budget category of



Speaking authoritatively, he gave them . . .

Budget

the defense program that will be cut is maintenance and operations. This is the money that's set aside to run the military bases, feed and clothe troops, provide facilities, and the like. It includes virtually all of the military's soft goods procurement.

A cut of up to a half million men in uniform between now and mid-1953 is going to allow for a big cut in pay and allowances—and perhaps an even bigger one in maintenance and operations. The military will have to buy fewer uniforms, blankets, towels, food, fuel, personal equipment, and services. What's more, having been buying at a rate to meet the needs of 3.5-million men and then some, the military can now coast along for a year or more until the reduced manpower eats up the surplus in the pipeline or now on order.

In addition, the Pentagon has passed along orders that the services should dig into mobilization stockpiles for such items as they can, rather than come up for new money a year or so hence. Stockpiles will be replaced when inventories get too low.

• **Building**—Another big area of spending reduction will be in construction. Right now the military has about \$4-billion in construction funds on the books. But contract letting—new obligations—since the first of this fiscal year has been running at an average of only about \$100-million a month.

Procurement and production will also be off, but not sharply. Aircraft expenditures, peaking during 1954 at \$8.3-billion, will gradually drop off to a maintenance level of around \$7-billion to \$8-billion by 1957. In the meantime, guided missile procurement, now at about \$1.5-billion, will gradually climb, along with electronics. Ammunition, tanks, motor vehicles, and ship construction will drop materially between now and 1957.

There's more to the military budget slicing, though, than just corner cutting. Admiral Arthur W. Radford, chairman of the Joint Chiefs of Staff, has worked out a plan for doing over the services so that they are built around aviation. This means a big cut in operating and procurement costs for the Army and Navy.

• **New Plank**—The \$5-billion reduction of military expenditures has gone over well with the legislators. It gives them a solid plank to campaign on. GOP campaigners will be able to show their constituents how the Republicans have been able to cut military spending by more than \$8-billion in just two years.

• **Reality**—Luckily for the average Congressman, he won't have to explain the troubles the military is going to have in meeting the program. The Pentagon is already straining to get down to the \$41.7-billion the GOP revisions allowed it this fiscal year. With half of fiscal 1954 over, military spending is running about \$300-million over the corresponding period for fiscal 1953—and that was a \$43.6-billion year. Spending will come down some in the next few months, but the betting is that the military will actually spend \$1.3-billion more in fiscal 1954 than had been figured on.

• **Muscle**—The defense planners are going to run into trouble again next fiscal year in trying to make the cuts without hurting muscle. Though the official line from Wilson on down is that no combat forces will be eliminated, insiders just don't see how it can be done. They cite the case of the Army, for example: Right now total Army strength is about 1.5-million men. This was scheduled to drop by 80,000 between now and June 30. Then Wilson ordered an additional 10% cut by mid-1955. That got upped last week to somewhere around 18% by the same date, with prospects of more later on. So the Army will wind up with about 1.2-million men toward late 1955, and even less by 1957.

Actually, the Army has only about 600,000 men in the combat category, with the rest in service—or noncombat—forces. Army men point out that it's just plain impossible to cut the hoped-for numbers of men out of the service forces alone. Combat troops would have to come down, too, and that means muscle.

Stadium Sold

N. Y. Yankees' sale and leaseback deal seems to have been profitable for everyone involved in it.

A deal in which everybody gains and nobody loses—with the possible exception of Uncle Sam. That's the way it seems to work out in a complicated series of transactions through which the New York Yankees sold and leased back Yankee Stadium. Step by step, here's what happened:

• **Del Webb** (BW—Dec. 12 '53, p136) and Dan Topping, sole owners of the stock of New York Yankees, Inc., liquidated the corporation and formed a partnership to operate the business.

• **Topping and Webb** sold Yankee Stadium and the ball park of the Yankees' Kansas City farm team, along with the land on which both stand, to a corporation formed by Arnold M. Johnson and associates. The price was \$64-million; of which \$3.6-million was in cash and \$2.9-million is covered by a mortgage.

• **The Johnson corporation** sold the land on which Yankee Stadium stands—but not the stadium itself—to the Knights of Columbus for \$24-million, and immediately leased it back for 28 years, with options for 42 years more, for \$182,000 a year. This lease is a net lease; in other words, the \$182,000 is net income to the K. of C., and the Johnson group pays all taxes, upkeep, and other expenses.

• **The Johnson corporation** leased both ball parks and the land on which they stand to the Yankees. Terms of the lease were not revealed, except for the fact that it, too, is a net lease. The Yankees pay all taxes and upkeep and other expenses, and they get additional stadium income from such sources as concessions and football rentals.

• **Score Card**—Here, as well as anyone can figure it, is how each participant in the complex deal came out:

The Knights of Columbus: This one is easy. On an investment of \$24-million the Knights get an annual net income of \$182,000, or 7.3%, tax-free.

The Johnson corporation: Of the total net investment of \$4-million (\$64-million paid less \$24-million received from the K. of C.), the mortgage took care of \$2.9-million; only \$1.1-million was in cash.

Since the Yankees assume all taxes and other expenses, this corporation's annual expenses are limited to the \$182,000 rent to the K. of C. and to the interest and amortization on the mortgage. Terms aren't known, but a

4% mortgage for 28 years (the life of the original lease) would be a not unreasonable guess. Interest and amortization on this would come to \$174,000 a year. So out-of-pocket expenses would be \$356,000 a year.

What about income? This isn't known either. But on sale-and-lease-back deals, a net rental of 8% of the purchase price might be said to be typical. And 8% of \$64-million is \$520,000. Assuming that to be the rent paid by the Yankees, the corporation's net cash income before taxes would be \$164,000.

Rent and interest are tax-deductible expenses. Amortization is not, but depreciation—a noncash expense—is. And the depreciation on \$44-million of real estate, almost none of which is land value, would come to far more than the amortization, at least in the early years of the mortgage. So the corporation's net income for tax purposes should be no more than \$100,000 to \$110,000, which would put the tax in the neighborhood of \$50,000. If this figuring is correct, net cash income after taxes comes to around \$110,000, or 10% on the \$1.1-million cash investment.

Webb and Topping: This is the toughest of all to figure. These two, along with Larry MacPhail, bought the Yankees from the Jacob Ruppert estate in 1945 for \$2,850,000, which means the Webb-Topping share was \$1.9-million. In 1947 they bought MacPhail's share for \$2-million, so their total investment in the Yankee corporation was \$3.9-million.

When they liquidated the corporation, they became liable for capital gains tax on the difference between that \$3.9-million and the corporation's liquidating value. This figure is known only to Webb, Topping, and the Bureau of Internal Revenue, but if you assume it was \$11.9-million, they would have a gain of \$8-million. On this, they would be liable for a \$2-million capital gains tax. Take that out of the \$64-million they received for the real estate, and the two have \$44-million that can be invested elsewhere—and they still own the ball club.

Against that, they have an additional annual operating expense that they never had before—the estimated \$520,000 rent on the stadium. But both men are in the high tax brackets, so they will pay a good bit less than half of that \$520,000—Uncle Sam will pay the rest. And they obviously figure they can use that \$44-million to far better advantage now that it's in cash than they could before, when it was sunk in land and bricks and mortar.

So Webb and Topping have already recouped their entire original investment, plus a big cash profit after taxes.

And, moreover, they still own the Yankees.

Moscow: Ready to Talk?

Signs point that way. On atomic and territorial matters, the Kremlin admits the possibility of discussion. Next year may be a turning point in world tensions.

This week, for the first time since the cold war started, Moscow seems ready to negotiate seriously with the West. In 1954, the East and the West may start to come to terms on some of the basic issues that now divide them.

The bold U.S. diplomatic offensive of recent weeks (BW-Dec.12'53,p27)—plus the threatening crisis inside the Soviet Union—has produced this situation:

- **Moscow is ready to join the U.S. in exploring President Eisenhower's atomic proposals on a private basis.** That doesn't guarantee any kind of agreement. But the Soviet reply, as the Times of London points out, "is flexible enough to offer some hope that a private conference might yield some results."

- **Moscow is trying to link the atomic talks with negotiations on Germany, the most explosive territorial issue that divides East and West.** The Soviet reply indicates that Molotov may want to discuss both questions at the upcoming foreign ministers' meeting in Berlin.

Behind these all-important Soviet moves there are other signs of a new Soviet attitude. In an unprecedented move, the Kremlin has broadcast Eisenhower's U.N. speech to the Russian people. Also, it is now referring to Eisenhower officially as an outstanding military leader in the war against Hitler.

- **Great Decision—**This all adds up to the first really encouraging response the West has had out of Moscow since Stalin launched the cold war. It led Secretary of State John Foster Dulles, who has been cautious itself, to say at mid-week:

"The coming year will be a year for great decision. There lie ahead European unity, a possible recession of the horror of atomic warfare, and a beginning of an ending of the unnatural division of Europe."

- **Shadow—**There is one shadow, though, that hangs over this encouraging prospect—the mounting political crisis in France (page 65). If this crisis isn't resolved soon, it could splinter the Western alliance, give the Kremlin another chance to play for time.

At best, of course, it won't be any cinch to get together with Moscow on atomic matters. In the Soviet reply there's still plenty of play on the old Soviet propaganda theme: Atomic weapons must be banned first; atomic controls follow.

But when you get to the meat of the Soviet statement you find what looks like a response to Eisenhower's statement that the U.S. is ready for a new approach to the whole question of international control. There's a hint, and the first that has ever come out of Moscow, that the Kremlin may be willing to change its position on this question, too.

This seems to be clear proof of the tremendous impact that Eisenhower's U.N. speech has had all over the world, even in Russia itself. Like the government of any big country, the Malenkov regime knows that the people it rules desperately desire an end to the atomic threat.

- **Pressures—**But there's more than desire for peace pushing the Malenkov regime toward an easing of East-West tension. There is the gap between what Malenkov and Communist Party boss Khrushchev have promised and what they have delivered to the Russian people in the way of more food and more consumer goods (BW-Dec.19'53,p28). And there's a struggle for power at the top level that tends to push the Kremlin toward a conciliatory rather than a provocative foreign policy.

You get evidence of both these things in the indictment that the Kremlin has just issued against police chief Beria, who was ousted from power last June. Cut through the mumbo-jumbo of the charges made against Beria, and these conclusions emerge:

- **There has been a shift in the power balance at the very top.** Malenkov and Khrushchev have lost ground since early November, when Soviet foreign policy seemed for a while to be reverting to a Stalin-like hardness. Otherwise, the Beria indictment could not have been so exclusively aimed at undermining the power of the Soviet secret police, which Malenkov needs if he is to control the Soviet power machine.

The shift probably gives Molotov and a powerful group of Red Army marshals more authority than they have ever had before. In any case, it has helped produce the present softer tendency in Soviet foreign policy.

There's no reason to expect an early about-face. Neither Malenkov nor Khrushchev can hope to gain back the authority they had as long as the present crisis continues on the agricultural front.

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TUBE MILL**

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Controls

In one continuous, automatic operation, the AEF Tube Mill converts steel strip into welded tubing. Allen-Bradley was selected to provide the control for these units.

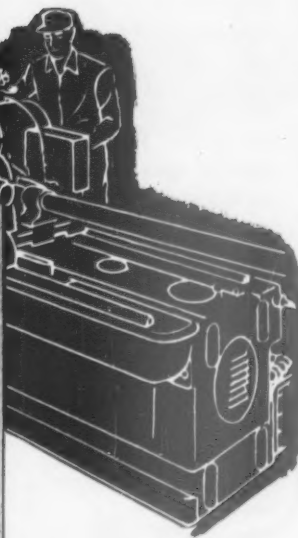
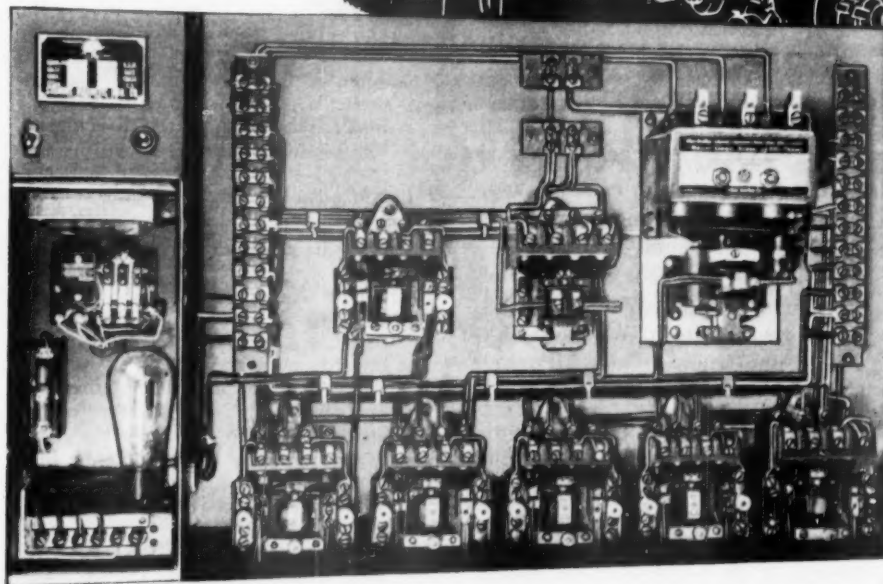
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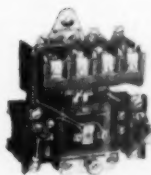
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Cuts operating time of the scrubbing machine

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- A constant, fast-acting cleanser for machine-scrubbing cement, wood, wood block, metal, stone, and terrazzo floors
- Consistent use on cement floors prevents cement dusting . . . provides a finish that helps seal out waste materials

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BRANCHES
IN ALL
PRINCIPAL
CITIES

BUSINESS BRIEFS

Free speech for bosses in their own plants during union drives has been granted by the National Labor Relations Board. Reversing an earlier ruling, the board held that an employer who had addressed his workers in the plant did not have to grant equal time to the union. The board majority said that the union's proper place for expressing its views was its own hall.

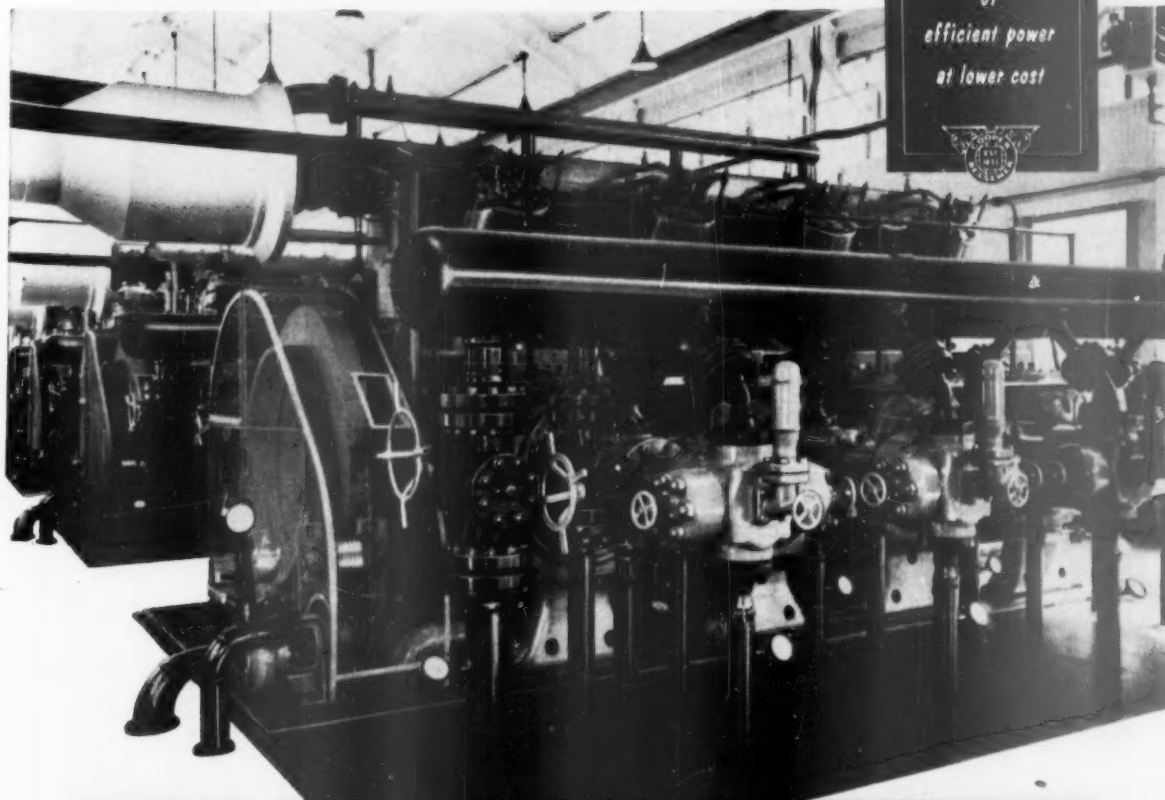
Kennecott Copper has gingerly entered the aluminum field. Kennecott, the largest U.S. copper producer, has bought "for investment" \$164-million of preferred stock in Kaiser Aluminum & Chemical Corp. For the next 20 years the preferred can be converted into common stock at \$30 a share. Anaconda Copper, Kennecott's chief competitor, took the aluminum plunge earlier, but as a primary producer.

First corporate supergrant to set up a full-time charitable foundation is U.S. Steel Corp. Big Steel is concentrating all its charitable, scientific, and educational activities in the U.S. Steel Foundation, Inc., whose trustees are directors of the parent company.

"Buy abroad" trend scored again when the Defense Dept. awarded contracts for two McNary Dam generators to the English Electric Export & Trading Co. The British bid for the generators, as evaluated by Army Engineers, was just under \$4-million, and was 19% less than the lowest bid by a U.S. company. Until last year, foreign bids had to have a 25% margin to win U.S. government contracts.

TVA has entered the field of nuclear power generation. The giant power producing agency has signed a contract with the Atomic Energy Commission that lets it study the technical aspects of atomic power. The TVA move assures that the long-time competition of public and private power will be carried over into the nuclear field, where a number of private companies are already doing exploratory work (BW—Dec. 12 '53, p. 36).

Value of major crops in 1953 was 8.6% lower than in 1952, though the quantities were about the same, according to the Agriculture Dept. Generally lower prices were blamed for the \$1.8-billion drop in value, to a \$19.1-billion total. Casting an eye to the future, the Agriculture Dept. estimated that the 1954 winter wheat crop would be just over 750-million bu., a 14.77% drop from 1953.



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...sittin' on top of Nature's gas tanks!

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Their job? *Very interesting!* When you aren't using much gas, like in the summertime, they receive it from distant wells, via pipeline, and pump it into great hollow spaces far beneath the surface of the earth... to hold it for you in nature's storage tanks. Then when the demand for gas goes up... when it's needed for heating homes, for industrial plants, stores and offices (maybe the place *you* work)... these sturdy Cooper-Bessemer compressors pump the gas out again, send it on its way to you and hundreds of other communities.

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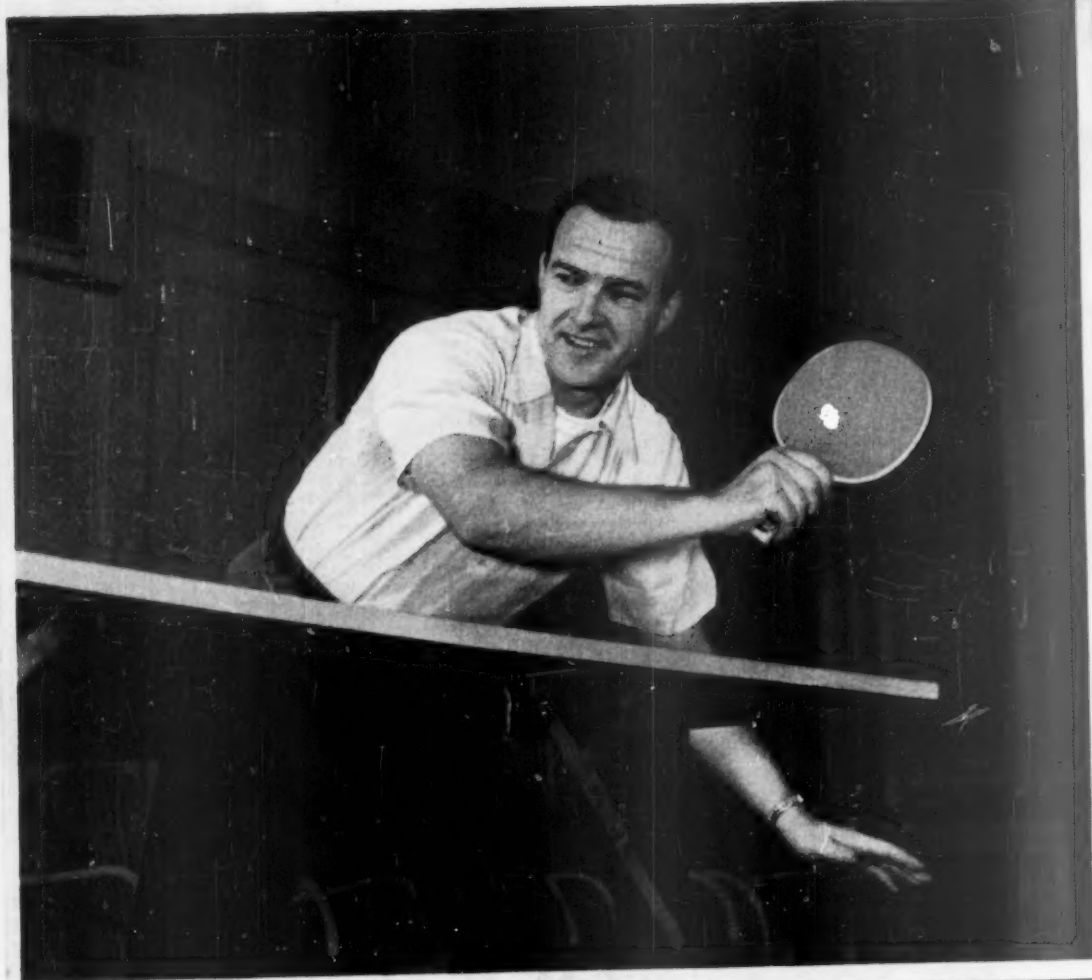
compressors are most unusual. It has to do with a very wide range of pumping pressures never before achieved. They eliminate lots of other costly equipment and thus do their share to hold down the cost of gas service!

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BULLDOZER WINS FIRST ROUND...MAN WINS VICTORY!

"I don't play ping-pong very well," Joe W. said. Neither would you if you had tangled with a bulldozer and spent a year and a half in hospitals with bad fractures of the leg. Joe's victory wasn't at ping-pong. What Joe did was to conquer the handicap of a broken body. His feat was accomplished through the help of the Liberty Mutual Rehabilitation Center. And you'll see below how ping-pong comes into Joe's story.

After Joe, foreman on a turnpike construction job, was injured, he got the finest surgical and medical care—but something more was needed. He had to wear a brace on his bad leg and had great difficulty moving around. That's where the Liberty Mutual Rehabilitation Center came in—the place where injured workers are taught how to rebuild their bodies, regain old skills and develop new ones. Ping-

pong is just one item in the scientific routine, one of numerous exercises, tasks, and treatments used to strengthen muscles.

Today, after six months at the Rehabilitation Center, Joe is back at his job, minus the brace and full of confidence. It means a lot to a man to know that he's a useful citizen and breadwinner again. It means a lot to the whole community. It's an economic gain.

Rehabilitation is only one part of Liberty Mutual's famous

"Humanics" program which brings together all possible activities for preventing accidents and for reducing loss when accidents happen. This program can help you cut down your compensation insurance costs. Get full information by calling the nearest Liberty Mutual office. Or write to us at 175 Berkeley Street, Boston 17, Mass.



WASHINGTON OUTLOOK

WASHINGTON
BUREAU
DEC. 26, 1953



Eisenhower will carry the GOP's political ball next year in what promises to be the hottest off-year election campaign of recent times. The strategy—a new role for Eisenhower—already is showing up.

The old hands-off attitude toward Congress is out. That was settled at the recent White House legislative conferences. Eisenhower will fight for his program. It won't be the head-cracking approach of Roosevelt or Truman. It will be more of a high-level public relations campaign, with the President appealing directly to the public. The hope is that this will hold Congress in line and assure enactment of a program that the GOP can use to win the House and Senate next fall.

The reasoning back of this strategy: Eisenhower is the No. 1 asset of the party. But his name won't be on the ballot next November, when the House members and a third of the Senate are up for reelection. The next best thing, it is argued, is to link Eisenhower firmly with the program he will send to Congress in January. Note that Eisenhower personally issued the White House statements on last week's legislative conferences. As a next step, he will go on the air—radio and TV—on Jan. 4 ahead of his message to Congress.

The strategy is that perhaps in this way some of Eisenhower's own popularity—his vote-getting ability—will rub off on party members up for reelection.

Will it work? Some hard-headed politicians have their doubts. Other Presidents have tried similar maneuvers to carry their party in off years and failed. But the personal touch of TV is new.

There will be troubles with Congress. The agreements between Eisenhower and his legislative leaders are on general objectives. Fights usually come over details. Some hot ones are ahead.

Foreign trade is an example. Nearly everyone agrees on expansion. But to expand, present tariffs must be held down—indeed, there must be some cuts. That's where the Eisenhower-Congress rub comes. Low-tariff advocates will lose votes if domestic business does continue to slip.

Then there's the matter of foreign aid. This year we will spend about \$6-billion on our allies. And in fiscal 1955 we are willing to put \$4.5-billion on the line. But there's rising reluctance to send this money abroad unless the allies agree on unified defense. Eisenhower seems to have agreed that we'll help if they help. But Congress wants spending cut down.

You will get your tax cuts on business profits and individual incomes. The excess-profits tax will die Dec. 31. What that means is that companies will have about \$2-billion in 1954 that would have gone out in tax money. Individuals will pay about 10% less next year—a saving of \$3-billion. (Note: The Jan. 1 social security tax rise will offset \$1.3-billion of this, unless Congress sets it aside.)

How much more tax reduction do you get? Eisenhower says no more. But congressional leaders haven't bought this. On Apr. 1, rates are supposed to drop on: corporation profits, autos, alcoholic beverages, cigarettes, gasoline, and sporting goods. On top of it, GOP Congressmen want a tax revision bill to save taxpayers \$1.5-billion to \$2-billion.

WASHINGTON OUTLOOK (Continued)

WASHINGTON
BUREAU
DEC. 26, 1953

There will be a fight over the budget. Eisenhower will cut harder than most Congressmen expected. He's serious about a balanced budget. He can't hit it now, but his cuts will put noses out of joint.

Defense will be the big issue (page 32). Spending in fiscal 1955, the year starting July 1, is being scheduled at about \$38-billion. That's down from this year, which will approach \$43-billion.

Both parties will split. Such a cut means a loss of business to many. But the battle will come on what it does to our defenses. The Democrats will charge Eisenhower is neglecting continental defense to make saving. Congress may overrule the White House.

Congress won't take Eisenhower's farm program. That seems certain. It would mean lower income for most producers. With the elections coming up, that's bad politics, even if the farm economics do seem to be pretty good. Politically, two-price systems for wheat, cotton, and rice mean dumping. And that won't do. For other crops, the program means lower price props. That won't do, either.

Statehood for Hawaii will be backed anew by Eisenhower. It may fail. Both the Republicans and the Democrats are divided on this issue.

The St. Lawrence Seaway (power now is a minor issue) isn't a sure thing.

Higher pay for Congressmen and judges will get Eisenhower's support. But it's a tough one for Congressmen—to up their own pay.

Eisenhower's Taft-Hartley revisions will bring a fight. The President is committed to what his staff calls liberalizations—pro-union amendments. Some members of his party in Congress will go along—probably a minority. The Democrats are split on this one, even on minor changes, although their party position has favored repeal. The upshot may be no changes in the labor law. Business groups are advising Congress to hold off.

A higher-than-75¢ minimum wage will be proposed, with wider coverage. It's the coverage that will bring the big fight. The Democrats pushed up the minimum by giving liberal exemptions to get the legislation through.

Congress will expand social security to bring in nearly 10-million not now covered. A freeze on the tax rate is doubtful.

Eisenhower will duck fair employment as an issue. He's ending discrimination in government, by issuing orders. But if he tries for new federal laws now, he will alienate Southern Democrats, needed to get his program through.

New internal security laws are much in the talk. The White House doesn't like McCarthy, but has no pat alternative.

Immunity for witnesses who tell of their subversive activities won't be voted. Congress doesn't like deals between government and suspects.

Evidence obtained by wire-tapping isn't likely to be O.K.'d either. Many Congressmen are lawyers. They see this as an invasion of liberties.

McCarthy's investigations will go on. The White House doesn't like them. But Congress votes the money. And out in the country, the impression is that McCarthy is cleaning up government—forcing out the Reds.



changing the atom from

...**stop** to.....**go**

The atom uncontrolled can stop the progress of mankind.

The atom *controlled* offers us the most important "go-ahead" since we discovered how to produce power by burning wood, coal and oil.

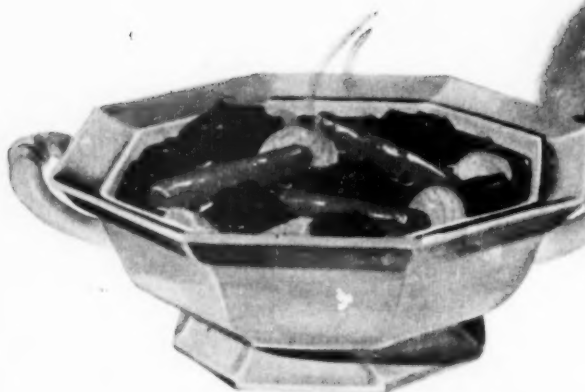
The United States Navy's new submarines *Nautilus* and *Sea Wolf*, now being built by General Dynamics, are the first vessels ever to "burn" nuclear fuel. Practical experience with these submarines may well lead to atomic light and heat and power for cities of the future... and to atomic powered passenger and cargo ships traveling at fantastic speeds on the sea and under the sea.

General Dynamics continues today a 73-year tradition of adapting new forms of power to military and industrial uses... in the sky with supersonic jet aircraft... on land and sea with electric motors of advanced design... and *under* the sea with atomic-powered submarines.

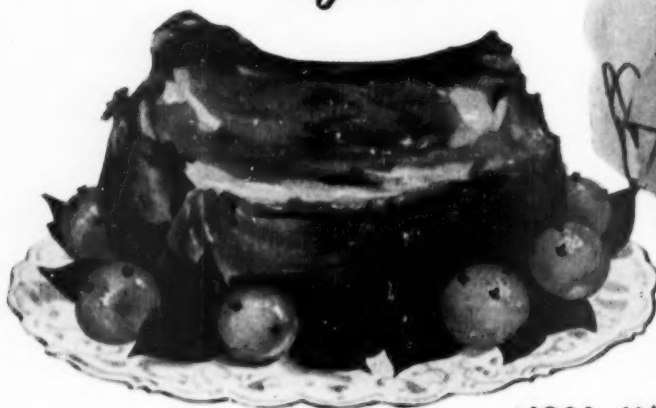
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is good ...*



*But sometimes
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During the years that chromium-nickel grades of Allegheny Metal were restricted to essential uses under priorities, we made great strides in the development of alternate stainless grades.

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Now that all alloy materials have been freed from controls, we can produce *any* grade of stainless steel you may require; and as always, in any shape or form. • Give yourself a competitive edge with Allegheny Metal . . . and let us help you determine the grade that exactly fills the bill. Allegheny Ludlum Steel Corporation, Oliver Building, Pittsburgh 22, Pa.

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You can make it **BETTER** with
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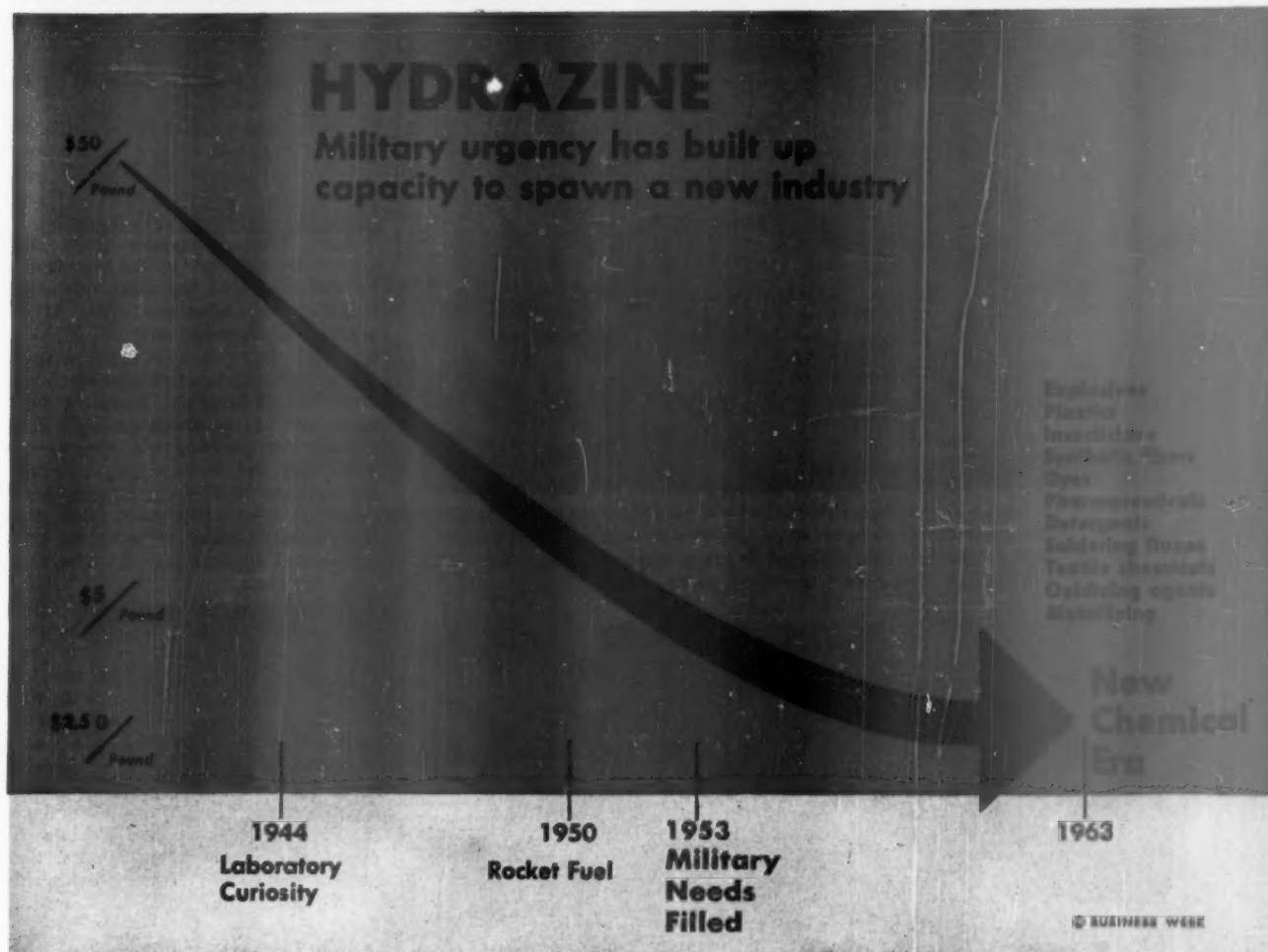
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PRODUCTION

HYDRAZINE

Military urgency has built up capacity to spawn a new industry



A Chemical Jack-of-All-Trades

If anyone takes a trip to the moon in the next few years, chances are his rocket ship won't be atomic powered. A much more likely fuel is hydrazine, a chemical cousin of ammonia that can burn like gasoline or explode with greater force than TNT—depending on how it's handled.

For the last few years, hydrazine has been wrapped in security blankets. Production and imports have been military secrets. But now, for the first time, domestic production apparently can satisfy military requirements with some to spare. Reasonably priced sample quantities for research purposes are now becoming available to civilian laboratories, and more than 100 companies have jumped at the chance to try out pet projects.

• **Potential**—It would be hard to say where hydrazine will go from here—

which of its many uses will prove to be its most important. There are a thousand and one possible courses it could take.

In the 60 years since hydrazine was first isolated, a great many patents have been filed and thousands of potential end uses have been suggested for the chemical. For example, it was used in a new tuberculosis drug tested last year. And it's the plant-growth retardant that has reduced grass mowings from 19 to two per season along Connecticut's Merritt Parkway.

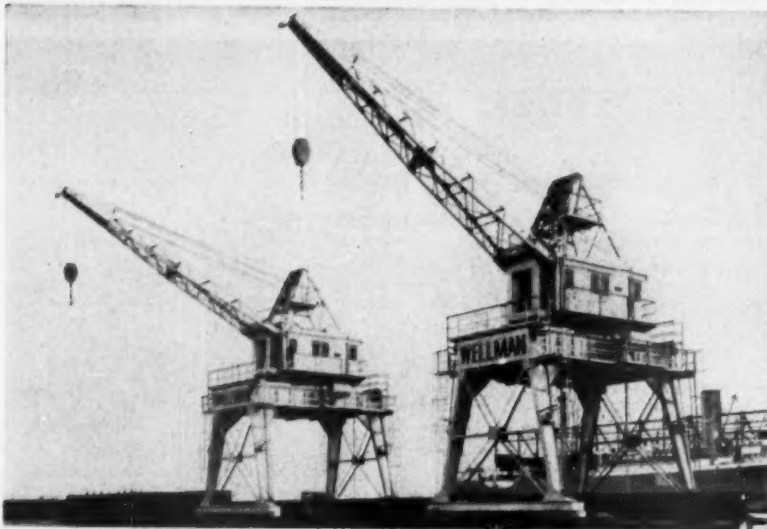
Most of the brainstormers, however, have never gone past the laboratory stage—simply because the ticklish, multi-step process used to produce the basic material kept the cost above \$50 a pound in the days before hydrazine became top secret. The hydrazine molecule is made up of two nitrogen atoms

and four of hydrogen. These are two of the commonest elements. But the molecule is what chemists call "highly reactive"—meaning that there's a good chance of a disastrous explosion at the manufacturing plant if all conditions aren't controlled precisely.

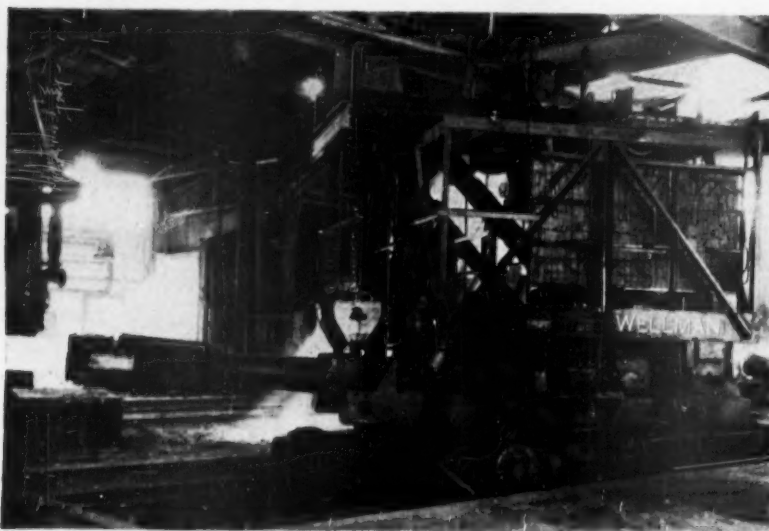
• **New Worlds**—The two companies (Fairmount Chemical Co. and Matholin Corp.) now turning out the chemical in tonnage amounts have managed to re-engineer production methods so as to cut the price to about \$2.50 a pound. At this price, hydrazine can begin to cash in on some of its potential in agricultural chemicals, textiles, dyes and pharmaceuticals, plastics, and metallizing.

But this is only the beginning. Hydrazine shows all the signs of taking a skyscraping leap in the next few years. The trade feels sure it will eventually

MATERIALS HANDLING BRIEFS



Air lift for 10-ton loads. Wellman Portal-type Wharf Cranes sit high astride railroad tracks, provide large opening to allow free movement of railroad cars underneath. Cranes are free to travel length of pier, can swing full circle to lift 10-ton loads from vessels along side of pier.



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SPECIAL STEEL MILL MACHINERY
"WILLIAMS" CLAMSHELL BUCKETS
MECHANICAL GAS PRODUCERS
"ANKER-HOLTH" AIR AND HYDRAULIC CYLINDERS

"... hydrazine was able to escape the usual economic trap because of the war ..."

HYDRAZINE starts on p. 43

sire an immense family of hydronitrogens—just as the organic hydrocarbons have produced a vast family of more than half a million marketable chemicals.

• **Early Days**—Reasonable price and availability are musts before any chemical can reach the big time; otherwise it sits on the laboratory shelf. Many worth-while chemicals have sat just there for years. It takes a cocksure chemist and a big budget before a research director will schedule an elaborate experiment with raw materials costing \$50 a pound. But prices won't come down much until the chemical goes into production—and that won't happen until industrial laboratories have given the new product a whirl and come up with commercial applications. It's a sort of economic trap.

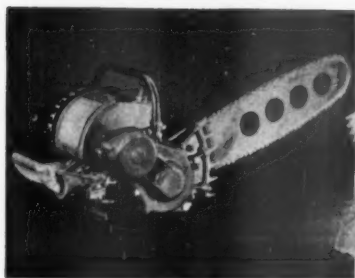
Hydrazine was able to escape this trap relatively easily because of the war. The Germans discovered that it provided an extremely lightweight fuel for rockets. Cost was no object at the rocket experimental stations, so the German scientists resurrected a complicated process developed by chemist Frederick Raschig in 1907 for producing the chemical. Toward the end of the war, they had produced enough to power their rocket fighter planes, the Me-163 and the BP-20, which climbed at the astounding rate of 7 mi. a minute.

• **U.S. Production**—After the war, the U.S. took up liquid fuels for rockets in a big way and threw on the security wraps. Two companies became the sole producers. Fairmount Chemical Co. had previously produced small amounts of the chemical for use in shell detonators. It expanded production and this year completed a new plant in Newark, N. J. This stepped up the company's production an estimated fourfold.

The postwar entry, and currently the largest producer, is Matholin Corp., jointly owned by Mathieson Chemical Corp. and Olin Industries, Inc. The company's new \$3-million plant at Lake Charles, La., went on stream in July of this year.

Chemical Week, a McGraw-Hill publication, has stuck out its neck to guess that combined production of these plants is well above 300,000 lb. a year. It has also predicted that production could multiply by 10 in the next four or five years, using equipment already in place.

Such an increase would satisfy the



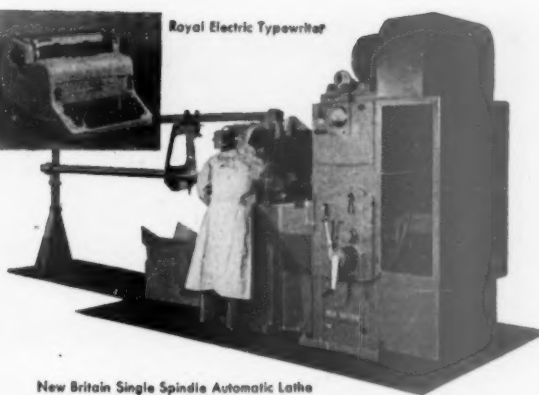
Homelite Chain Saw



Winnie, the Walking-Talking Doll



Royal Electric Typewriter



New Britain Single Spindle Automatic Lathe

From mechanical dolls to giant machine tools,
these products have one thing in common*



Skit Home Builder's Plane



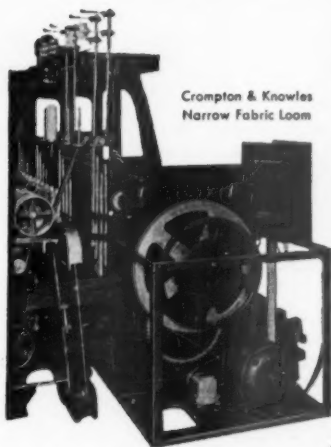
Wade Precision Tool Room Lathe



Clarke Floor Sander



Van Norman Radial Grinder



Crompton & Knowles
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WHY have leading manufacturers chosen this revolutionary toothed belt in preference to V-belts, flat belts, gears and chain for the *main drives* in these and scores of other products? Why have they already used millions of these versatile drives, definitely establishing the Gilmer "Timing" Belt Drive as *industry's new power transmission medium*?

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40 years in CHEMICALS

Chemical manufacturers—like other American industries—have a high and long standing regard for Clarage. In chemical plants across the nation, process and conditioned AIR is furnished by Clarage equipment.

Air Handling and Conditioning Headquarters

CLARAGE FAN COMPANY
KALAMAZOO, MICHIGAN

IN CANADA: Canada Fans, Ltd. 4285 Richelieu St. Montreal

Process AIR
Conditioned AIR
Ventilation AIR
Heated AIR
AIR at All Fan Pressures

97 OF AMERICA'S 100 LARGEST CORPORATIONS Use Clarage Fan Equipment

"...it is one of the most concentrated forms of energy known..."

HYDRAZINE starts on p. 43

demand for a new chemical. A continued increase in efficiency, through modifications of the old Raschig process—which is still the only commercial one—could bring the selling price down to a level of perhaps 50¢ a pound.

• **Capabilities**—Hydrazine's industrial future is tied in with several properties that are already leading some chemists to call it the newest "chemical work-horse."

• It's one of the most concentrated forms of energy known. It's particularly efficient when used with liquid oxygen, highly concentrated hydrogen peroxide, or fuming nitric acid. It has possibilities not only for all branches of powered flight, but for all types of explosives.

• Hydrazine reacts with acids to produce certain salts that are finding applications in the metal-processing industries. Derivatives are said to provide effective solder fluxes for aluminum and magnesium alloys. They also assist in silvering mirrors or plastics.

• As an antioxidant, small quantities of hydrazine added to water can improve the keeping quality of cut flowers, and can cut down the formation of scale on the inside of steam boilers. The chemical is being tried as a preservative in fats, drying and edible oils, rubber, fruit and vegetable juices.

• It's finding applications in pharmaceuticals like the new TB drug, in detergents, insecticides, and other agricultural chemicals. It's being used as a spray to stop sprouting of onions and potatoes in storage, to prevent flowering and tasseling of tobacco and hybrid corn.

• The physical structure of its molecule opens up tremendous possibilities in the fields of dyestuffs and textile finishes. It might be used in crease-resistant coatings, wetting and softening agents.

• Custom-built plastics and synthetic fibers of the nylon type are distinct possibilities. Hydrazine's elongated giant molecule may allow for finer deniers, with more elasticity and strength.

• **New Process?**—Most of these developments can be built solely on the output of the two companies now producing, using their current process. However, now that hydrazine is beginning to click, a lot of extra effort is going into development of more direct methods of producing and processing the raw material.

If such a method is found, the chemical industry is in for another revolution.

PARSONS PAPER PARSONS PAPER

HOW TO PROJECT

Good Character

If your business or profession calls for making an impression of quality, of trustworthiness; if many of your contacts with clients, customers or colleagues are by mail, then listen: the *quality* of the stationery you use can help. You need paper with the *fact and feel of quality*—fine paper that will tell those who get your letters, even through their finger-tips, that yours is a message with *character* behind it. You need Parsons bond or writing paper, made with new cotton fibers.

To see for yourself, send for the portfolio "How to Design a Letterhead." It includes a message on that subject and ten original letterhead designs by Lester Beall, leading American designer. There are letterheads for professions and businesses, letterheads your own printer can produce. This portfolio won the distinction of acceptance by The American Institute of Graphic Arts' show, "Printing for Commerce, 1953." Your free copy will be mailed to you, gladly. Write on your business or professional stationery to Parsons Paper Company, Department 121, Holyoke, Massachusetts.

© P.P.C. 1953

PARSONS PAPER COMPANY
1893-1953
Over 100th Year

Standardization...

... of NATO military equipment begins, as countries agree on a standard-size cartridge for small arms.

Last week five NATO nations made progress in solving a problem that has bedeviled the U.S. and its allies in every war since World War I: the standardization of military equipment. This will eliminate a lot of the red tape and delay in getting supplies to the front line. In the past, when two nations were holding the line against a common enemy, and one began to run low on ammunition, it couldn't send to its ally for more because the ally's bullets were a different caliber.

• **Less Retooling**—Under the terms of last week's agreement, the five nations—Britain, France, Canada, Belgium, and the U.S.—will turn out standard-size rimless cartridges for small arms. They settled on .30 caliber, figuring it would require less retooling for the manufacturers in the five countries than would any other size.

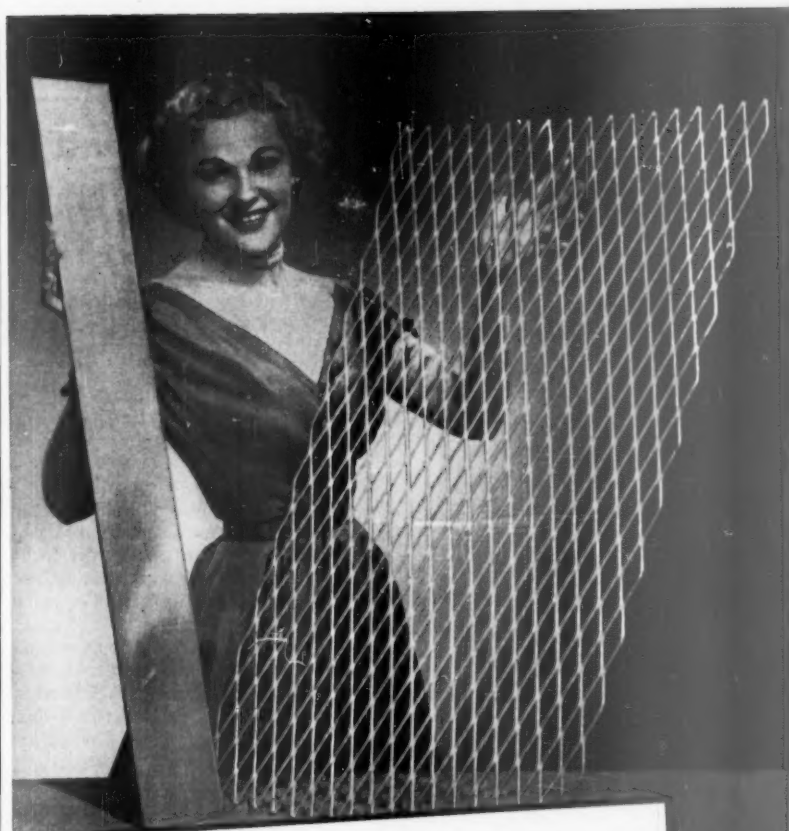
NATO is not going to scrap any of the millions of rifles in use today in Europe just because they won't take the .30 caliber cartridge. That would cost too much money. Besides, most of those small arms can be converted to the new size. For those that cannot be converted, ammunition will still be available.

• **Long-Range Plan**—That then brings NATO to the second step in its long-range plan to standardize military equipment: standardization of the automatic rifle. The aim is to settle on one that will take the new .30 caliber cartridge, use it to replace current models in the field as they become obsolete.

Best bets for adoption seem to be the U.S. fully automatic T-44 and a Belgian modification of the T-44. Both are .30 caliber rifles.

This is really the first time the U.S. and its allies have had a chance to tackle the problem of military standardization in a big way. In both world wars and in Korea, the first consideration has always been expediency: Turn out the stuff you can turn out fastest. There was never time in the war years to think about retooling back in the shops.

NATO's original aim was complete interchangeability of all military equipment. When that proved to be too big an order, even in the long run, NATO settled for interchangeable ammunition. The move to settle on a standard bullet started in the spring of 1952.



WHICH IS SOLID STEEL?

Answer: **BOTH OF THEM!**

The sheet of Wheeling Expanded Metal you see at the right was made from a sheet of solid steel, the size of that at the left!

Not woven... not welded... but pierced and s-t-r-e-t-c-h-e-d, Wheeling Ex-M actually becomes stronger per pound, lighter per foot than the steel from which it was made! In addition, it allows free passage to light, heat, sound and air. Ideal for racks, bins, grills, partitions and walkways... a thousand-and-one uses! Write today for more facts!

*It's Wheeling
Expanded
Metal!*



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WHEELING, WEST VIRGINIA

ATLANTA	BOSTON	BUFFALO	CHICAGO	COLUMBUS	DETROIT
HOUSTON	KANSAS CITY	LOUISVILLE	MINNEAPOLIS	NEW ORLEANS	
NEW YORK	PHILADELPHIA	RICHMOND	ST. LOUIS		



No bumps, no grinds!

A truck never loses its easy-rolling contact with the floor when it's equipped with the unique Bassick "Floating-Hub" Caster. Its special design floats caster wheel in frame, absorbs shocks caused by bumpy floors. Wheel size, 6 to 16 in. Available in a wide range of caster types for all kinds of portable equipment. Use them to improve materials handling of anything from bathroom fixtures to bombers.



For jets or jewelry!

From jet engines to precious filigree metalwork, Bassick's "Floating-Hub" Caster protects breakable parts and products. Keeps production moving fast because rough, uneven floors no longer slow mobile equipment. Less wear on trucks because wheels absorb bumps—less wear on floors because "Floating-Hub" takes the impact, not the floor. See your Bassick Industrial distributor. The BASSICK COMPANY, Bridgeport 2, Conn. In Canada: Belleville, Ont.



MAKING HARD WHEELS OF CASTERS... MAKING CASTERS OF WHEELS

THE PRODUCTION PATTERN

Slide Rules and Executive Posts

ONE TROUBLE with most engineers is that they know too much about engineering, but not enough about the other things that make industry tick.

Granted, a quiet, bookish engineer can give his company a competitive edge over the rest of the field by turning a technical idea into a finished product that's a sure-fire best seller. But, often, he becomes lost outside his own office when he is faced with a problem in sales, marketing, or personnel relations. Dr. Vannevar Bush, president of Carnegie Institute of Washington, has been one of the most vocal about this blank spot in the engineer's make-up (BW—Apr. 26 '52, p. 60).

Technically trained engineering students are still industry's first choice in taking on new graduates, as Northwestern University's survey indicates (BW—Dec. 19 '53, p. 124). The blank spot doesn't matter so much for a few years, until it's a question of moving into management posts.

RECENTLY, the Professional Engineers Conference Board for Industry sponsored a survey that uncovers still more traits of engineers. (The board, with the help of the National Society of Professional Engineers, starts and steers research programs in problems of engineering and management.) In its report, called *How to Attract and Hold Engineering Talent*, the board turned up a raft of statistics, providing a measure of personal attitudes on what makes engineers feel successful or frustrated in their jobs. Reading between the lines, you get the impression that engineers ought to spend nearly as much time before graduation with texts on business administration as they do with slide rules. Among firms whose markets are industrial more than consumer, a young engineer stands a good chance of eventually moving up to management ranks. The big complaint of today's top brass, though, is that an engineer's education hasn't rounded him out well enough.

Dr. Bush argues that the engineer's training is too narrow, too specialized. A scientist with a liberal training in the basic theories of technology can frequently make

a novel project look like child's play while an engineer is still thumbing through his textbooks. During the war, physicists solved many of the difficulties of radar, and became engineers in the process.

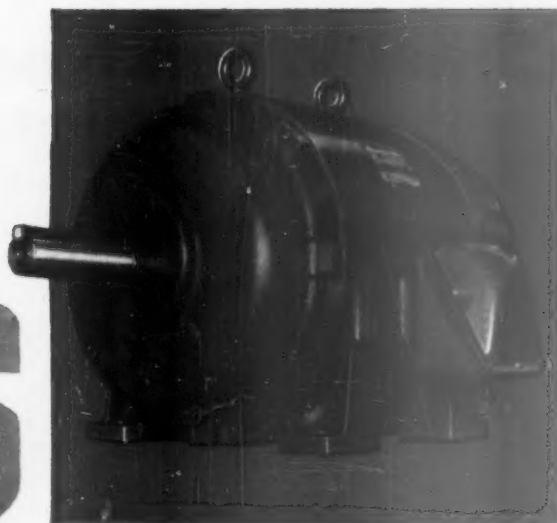
THAT STRICT specialization of engineers has strapped many to their drawing boards, though their aim is to sit in chairs at mahogany desks "out front." The board's survey shows that management, as well as the engineering profession, has spotted this fact.

The survey polled the executives of 200 top firms, and more than 1,300 individual engineers. Of the executives, 62% felt that newcomers to the engineering ranks are lacking in other fields of knowledge. A good part of the engineers agreed with the brass: 28% believe their collegiate training hasn't prepared them for a career in engineering. The reason, they say, is that they need more work in English, the social sciences, business administration.

Actually, most engineers probably aren't sure what this training can do for them, although they sense that they need it. It will give them a chance to learn how to get along with people, to become aware of the human factors in their subordinates and in business situations generally. After he spits the slide rule out of his mouth, the specialist has more self-expression, especially in dealing with management up the line. And he has a broader outlook toward the future, is able to see how tomorrow's changing markets will affect his company and the products that he is working on.

In the long run, the training job should be divided between industry and education, if industry wants more engineers in management jobs. One vice-president of industrial relations, an engineering graduate himself, says, "Too many of our engineering schools have become so over-specialized as to be not much better than trade schools." Besides merely subsidizing education with money, industry should set up a closer liaison with the colleges, and help faculties in preparing the kind of courses it needs.

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"RALEIGHS," "VICEROYS" and "KOOLS"



Steel framework for new plant addition at
BROWN & WILLIAMSON TOBACCO CORPORATION,
Louisville, Kentucky.
OSSIAN P. WARD,
Louisville, Kentucky: Architect
STRUCK CONSTRUCTION COMPANY,
Louisville, Kentucky: General Contractors
MCKINNEY CONSTRUCTION COMPANY, INC.,
Louisville, Kentucky: Erectors
INTERNATIONAL STEEL COMPANY:
All Structural Steel

Meeting the construction schedule for this plant-expansion project left no margin for delay. Because meeting demands for their fine tobacco products—hitting new highs saleswise month after month—made an immediate increase of productive facilities a "must" for Brown & Williamson Tobacco Corporation.

That in turn demanded delivery on-the-double of structural steel. And that's International's *specialty*! Each shipment of the 340-ton order was on the job, timed to meet erection deadlines. Each reached its destination in good order, exactly as ordered. Within two weeks after International's first delivery, this big tobacco plant was growing . . . *fast*!

Quick, accurate fulfillment of structural steel contracts . . . with economy always a prime consideration . . . is one of many steel fabrication services offered you by International. So, whatever your needs or however tough your particular problem, write and tell us the details. No obligation, of course.



1965 EDGAR ST. • EVANSVILLE, IND.

INTERNATIONAL STEEL COMPANY

PRODUCTION BRIEFS

The first ocean-going tanker ever designed to carry bulk liquid chemicals has been chartered by Dow Chemical Co. from Marine Transport Lines of New York to carry chemicals from Freeport, Tex., to East Coast ports. Piping, pumping, and storage equipment are separate for various chemicals. Shipments will start in early 1954.

The human inspector has lost another job. General Electric is using an automatic device for continuous check on quality of mass-produced mica tape—the insulating material used in motors and generators. If a tiny hole shows up in the tape, an electric current flows through it, registers on a photoelectric recorder.

Reinforced plastic pipe can now be molded on the spot where it is to be installed. Bassons Industries Corp., Bronx, N. Y., developed the new technique. Two trailer trucks carry all the equipment that's needed, do it in a single trip. One carries raw ingredients; the other, the molding apparatus.

Armour Research Foundation is using electronic computing equipment to solve complex optical design problems. A new ray-tracing device and an electronic calculator track light rays through optical systems. Designers use the resulting information to determine what will happen in a lens system that's being planned.

The automotive industry set two all-time records in 1953: Average employment reached 930,000—topping the 1951 record by 85,500; payrolls increased for the sixth straight year, hit a new peak of \$3.5-billion, says Automobile Manufacturers Assn., Detroit.

The lift-slab method of building construction (BW—Dec. 12 '53, p178) will be applied for the first time in the East, it is said, in five administration and laboratory buildings at Camden, N. J., for RCA. A total of 325,000 sq. ft. of air-conditioned space is scheduled for completion late in 1954.

A new type of slab heating furnace has gone into operation at the Brackenridge (Pa.) plant of Allegheny Ludlum Steel Corp. It takes 70 tons of stainless steel from room temperature to 2275F in one hour.

Engineers in northern Ohio are to have a new meeting place. The Cleveland Engineering Society announced last week that it will build a million-dollar center in downtown Cleveland.

No need to handle them like eggs



You can't handle flash bulbs with care when the pictures you want depend on fast work. Flash bulbs are shaped like eggs, but drop one, or smash one in your pocket, it's a minor matter. An invisible jacket encloses the bulb and saves you the nuisance of a mess of broken glass.

This convenience grew out of a safety measure. The sudden, intense heat of the flash sometimes fractures the glass, so flash bulb manufacturers sought a way to imprison the broken pieces. Eastman's cellulose acetate supplied the answer. It was tough and flexible. Its clarity insured the maxi-

mum transmission of light. It was economical. In the form of lacquer, it was easily applied—not only outside, but inside the bulb for the double safety of you and your subject.

Another convenience... this transparent coating could be colored to match the effect of sunlight—and

Eastman found just the right shade of blue required. So now you can take indoor shots with outdoor color film —by using the blue flash bulbs.

Eastman is solving many other problems with its cellulose esters; they are used for protective coatings in the packaging of precision gears, parts and tools; for lacquers in the automotive and other industries.

Eastman's know-how in chemistry and production makes many such products practical and more profitable. Perhaps Eastman can help solve your problem. A technical representative will be glad to call.

Eastman

CHEMICAL PRODUCTS, INC.

KINGSPORT, TENNESSEE

Sales representative for TENNESSEE EASTMAN COMPANY, a division of EASTMAN KODAK COMPANY

Serving the New City Added to Our Popu



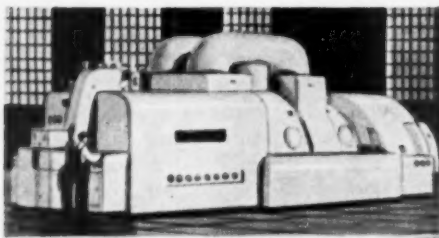
ELECTRIC POWER

FIFTY THOUSAND new people every 7 days, a U. S. population of 200 million by 1975 . . . that startling prediction presents a constant challenge to American ingenuity and production.

Electric power industries face the fact that generating capacity—already double what it was in 1937—will need to be redoubled in the next 15 years.

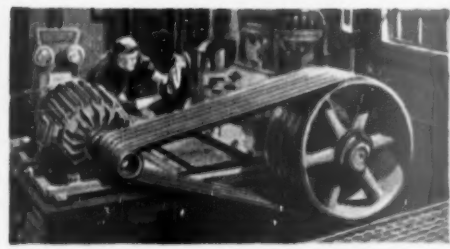
Other basic industries face an equally challenging future.

New manufacturing techniques . . . new methods of processing raw materials, of speeding construction and producing food must be found to keep



Allis-Chalmers Steam Turbine-Generator

MANUFACTURING



Allis-Chalmers Electric Motor & Texrope V-Belt Drive

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For Your Country's
Security and Your Own—
BUY U. S.
DEFENSE BONDS NOW

ALLIS-CH

Machinery and Equipment to Help People

of 50,000 People— lation Every Week!

pace with steadily rising demands.

Allis-Chalmers is helping *all* industries meet this challenge. Below are just a few contributions which are aiding production . . .

- The *A-C Steam Turbine-Generator*—with supercharged hydrogen cooling—is one of the most efficient yet devised to boost output of electricity.
- The *Individual Machine Drive* system permits design of faster, more compact, more productive machines—speeds turn-out of goods in every industry.
- *A-C Crushers* help process rock prod-

ucts and metal ores for use in construction and manufactured articles. Almost no limit to size and capacity!

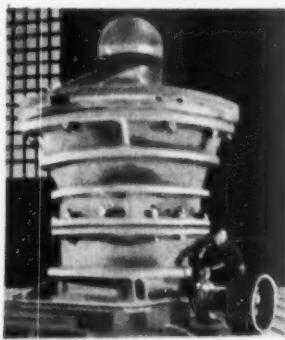
- *A-C Motor Scrapers, Crawler Tractors* and other earth movers make possible mass-hauling and grading of ground for new highway and housing projects.
- The *ALL-CROP Harvester* handles over 100 different grain, bean and seed crops at low cost—helps thousands of farms increase production.

★ ★ ★
50,000 new people every 7 days is a problem. It's also an opportunity—for industry and America.



Allis-Chalmers WD 45 Tractor with Model 66
All-Crop Harvester

MATERIALS AND CONSTRUCTION



Allis-Chalmers Gyratory Crusher

ALLIS-CHALMERS



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Produce More, Have More, *LIVE BETTER!*



TO MEET GROWING DEMANDS for electrical conductor, we have greatly increased wire and cable production. Today, we are a major producer of transmission cable, and the nation's largest producer of covered aluminum conductor.

This increased production is only part of our vast expansion. Next year we will have the capacity to produce close to 30% of all the aluminum made in this country. This will be two and one-half times as much as the whole industry produced prior to World War II.

We are proud to be the fastest growing major producer in an industry that is revolutionizing American manufacturing—and American living.

Aluminum is taking the place of other materials in thousands and thousands of useful products—making these products better and cheaper.

Because of aluminum, a brighter future lies ahead. We are continuing to expand—and to work with manufacturers to turn aluminum's unlimited opportunities into realities.

Kaiser Aluminum

America's fastest growing major producer of aluminum

KAISER ALUMINUM & CHEMICAL CORP., OAKLAND, CALIF.

NEW PRODUCTS



Nickel Battery

Sonotone Corp.'s nickel cadmium storage battery is due to hit the market in mid-1954. Over the past four years, all 600,000 units turned out have been snapped up by the military.

The nickel version is about half the size of an ordinary lead automobile battery, and reportedly lasts five times as long. It will cost two to five times more than a standard battery.

Above: a cell from the nickel unit.

• Source: Sonotone Corp., Elmsford, N. Y.



Cab Splits with Engine

The unique cab-beside-engine design of the truck above aims to give drivers a break. Maker Kenworth Motor Truck Corp. says you can see more from its cab than from any other truck.

The seat next to the driver's has been moved behind it, making a longer, narrower cab. The driver is just as close to the right-hand window as to the left; he can look out either side without lifting off the seat.

Moreover, Kenworth says maintenance costs will be lower for these reasons: There's only one door, one heater, one windshield. The engine is

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*MORE BUSINESSES
ARE GROUP INSURED
IN THE
ÆTNA LIFE
THAN IN
ANY OTHER COMPANY*



GROUP DIVISION

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HARTFORD, CONNECTICUT

HOUGHTON 1001 Products to improve processing



SIGHTED: production problem that called for a "bull's-eye"

Those who bag the big ones or blast away at targets want telescopic gunsights as flawless and true as their favorite hunting hounds . . . but a good deal less expensive to own!

To meet those high standards a prominent manufacturer of gunsights, using sturdy carbon steel tubing for the 'scopes, called us to help trim production costs so the gunsights could be kept out of the "premium price" class.

That's the target the Houghton Man was called to shoot at. He scored a bull's-eye—by recommending a cost-saving "team" of Houghton products that improved operations from machining and heat treating to finishing and storage. The gunsight manufacturer found Houghton heat treating materials, lubricants, cleaners and rust preventives provided the economy he needed along with precision work.

Such through-the-plant use of Houghton products is not at all uncommon in industry today. Chances are you will find some you never knew about in the latest Houghton Product Index which we will gladly send you.

To get help in improving production and keeping costs in line, ask the Houghton Man for a copy or write to E. F. Houghton & Co., 303 W. Lehigh Ave., Philadelphia 33, Pa.



Ready to give you on-the-job service . . .

Metalworking and Textile Processing Products • Lubricants • Packings • Leather Belting

easier to get to, can be removed with standard repair equipment.

• Source: Kenworth Motor Truck Corp., 8801 East Marginal Way, Seattle, Wash.



Invisible Telephone

What may be the phone booth of tomorrow is on view in the picture above. It's a no-hands setup that has both speaker and microphone built into its soundproof wall. You use the control knob on the front wall to regulate the speaker's volume.

Bell Labs developed it; New England T&T installed it in Boston's South Station a couple of weeks ago to get the customer's reaction. It's the only one of its kind in public use today.

• Source: New England Telephone & Telegraph Co., 185 Franklin St., Boston, Mass.

NEW PRODUCTS BRIEFS

A mobile air-conditioning unit has been put on the market by Union Asbestos & Rubber Co., Chicago. It's 28-in. high, takes about 2 ft. of floor space, rolls on rubber composition wheels. Manufacturer claims it can keep a 500-sq.-ft. room cool in midsummer.

A disposable paper cap for workers has been developed by du Pont. The cap is made of heavy Kraft paper treated with neoprene synthetic rubber. It costs about one-third less than a comparable cloth cap. Record Industrial Co., Philadelphia, Pa., is handling distribution.

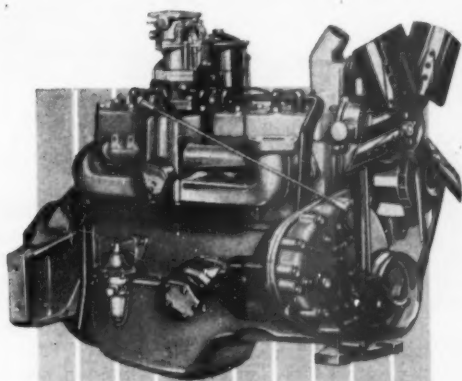
A new, lightweight Jeep is under test at the Army's Aberdeen Proving Ground in Maryland. It is 1,200 lb. lighter and 3 ft. shorter than the standard Willys Jeep. Body shell is all aluminum, weighs 81 lb. It is designed for airborne operations. Weight is kept down to permit easy lift.

**MATERIAL HELP
IN
MATERIALS
HANDLING**



Photo courtesy Mercury Manufacturing Company, Chicago, Illinois.

***Pedigreed Power
moves the products
of industry . . .
faster and at less cost***



Every day is moving day in Industry. Raw materials, parts and finished products *must* move if supply is to meet demand. The system for moving materials in and around a modern industrial plant must be fast, economical and have the flexibility necessary to meet fast-changing requirements. Best solution is the modern towing tractor, small enough to scoot anywhere in the plant, powerful enough to pull loads heavier than itself.

Take the Mercury "Huskie" pictured here . . . it can pull a load of over 60 tons at a sustained speed of two and a quarter miles per hour. It can be equipped with snow plow, power-driven winch or sweeper-broom. Powering the "Huskie" is the six-cylinder, 251 cubic inch displacement Model 8 Chrysler Industrial Engine equipped with Chrysler four-speed

transmission and velocity governor. Small, compact, with an amazing power-to-weight ratio, this engine is ideal for equipment requiring a light-weight, powerful engine.

Any Chrysler Industrial Engine, open or enclosed power unit, can be supplied with gasoline, natural or LP gas-burning carburetor, standard or gear-driven front ends (magneto or hydraulic pump drive), mechanical or velocity governor, standard, glycol Fluid Coupling or torque converter transmission.

Remember, too, that Chrysler Power is not expensive. Production-line methods, adapted to specialized industrial engine building, provide a custom-built engine at mass-production prices. See a Chrysler Industrial Engine Dealer, or write: **Dept. 11112, Industrial Engine Division, Chrysler Corp., Trenton, Mich.**

CHRYSLER
Industrial Engines

HORSEPOWER



WITH A PEDIGREE

FINANCE

1939-1953 Changes in the Pattern of Life Company Investments

December 31,	PREWAR 1939		WARTIME 1945		POSTWAR YEARS		1951		1952		*1953	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
BONDS												
U. S.												
Government	\$5,373	18.4%	\$20,583	45.9%	\$11,009	16.1%	\$10,252	14.0%	\$9,800	12.5%		
Municipal	2,253	7.7	1,047	2.3	1,170	1.7	1,153	1.6	1,275	1.6		
Foreign												
Govt. #	71	0.3	915	2.1	1,488	2.2	1,368	1.8	1,250	1.5		
Total Govt.	7,697	26.4	22,545	50.3	13,667	20.0	12,773	17.4	12,325	15.6		
Railroads	2,758	9.4	2,948	6.6	3,307	4.9	3,545	4.8	3,650	4.7		
Public Utilities	3,018	13.1	5,212	11.6	11,235	16.4	11,953	16.3	12,900	16.4		
Industrial & Misc.	1,353	4.6	1,900	4.3	11,441	16.8	13,702	18.7	15,725	20.0		
Total Corp.	7,929	27.1	10,060	22.5	25,983	38.1	29,200	39.8	32,275	41.1		
STOCKS												
Railroad					122	0.2	144	0.2	150	0.2		
Public Utilities	536	1.8	999	2.2	724	1.0	841	1.1	950	1.2		
All Others					1,375	2.0	1,461	2.0	1,500	1.9		
Total	536	1.8	999	2.2	2,221	3.2	2,446	3.3	2,600	3.3		
MORTGAGES												
Farm	887	3.0	776	1.7	1,527	2.2	1,705	2.3	1,875	2.4		
Nonfarm	4,782	16.4	5,860	13.1	17,787	26.1	19,546	26.7	21,425	27.3		
Total	5,669	19.4	6,636	14.8	19,314	28.3	21,251	29.0	23,300	29.7		
OTHER INVESTMENTS												
Real Estate	2,134	7.3	857	1.9	1,619	2.4	1,903	2.6	2,025	2.6		
Policy Loans	3,248	11.1	1,962	4.4	2,590	3.8	2,713	3.7	2,900	3.7		
Cash & Misc.	2,030	6.9	1,738	3.9	2,884	4.2	3,087	4.2	3,175	4.0		
Total Admitted Assets	29,243		44,797		68,278		73,375		78,600			

N.B. All figures are in millions of dollars. *Estimated, #Largely Canadian.
DATA: Institute of Life Insurance, Life Insurance Assn. of America.

©BUSINESS WEEK

Insurance Booms—but Earnings Lag

The assets of the life insurance companies—the world's largest reservoir of investment funds—continue to increase at an amazing rate (table, above).

Here's the official picture of the trade's 1953 doings, as presented this month in New York at the 48th annual meeting of the Life Insurance Assn. of America:

Total assets are likely to hit a record \$78.6-billion by the end of the year, according to Dr. James J. O'Leary, LIAA's director of investment research. That would mean an increase of \$54-billion for the year, by all odds the biggest jump in any 12-month span.

New policies sales seem to be headed for a record, at close to \$40-billion. The biggest previous sales year in the trade was 1952, when something under \$36-billion in new policies were written. A near \$40-billion figure would be two and a half times the 1945 total, and half again as much as 1949.

Dollar return on the assets also looks good for a new record. O'Leary believes that earnings, after expenses, should hit \$2.45-billion. That would be about \$225-million better than the previous record, chalked up in 1952. It would also beat the 1950 mark by \$600-million, roughly a third.

• **Earnings**—The rate of net earnings on investments was the one department in which O'Leary had nothing sensational to show. The rate did manage to continue its earlier rise, but its growth lagged far behind those of assets and sales.

• **Taxes**—The failure of the net rate to keep pace was blamed largely on federal taxes. Changes in the tax laws since the late 1940s have had an increasingly debilitating effect on life insurance investment earnings.

O'Leary figures that earnings before taxes should run around 3.35% this year, compared with 3.28% a year ago,

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3.18% in 1951, and 3.09% in 1950. Even after taxes the rate showed a progressive improvement, but the gain was much slower. This year seems headed for about 3.13%, compared with 3.07% last year, 2.98% in 1951, and 2.97% in 1950.

Outsiders may find it hard to see why the life companies should squawk at such figures, especially in the light of the 2.88% low recorded in 1947. But the insurance trade has a complaint that seems legitimate.

• **Rising Rates**—The general rise in money rates since 1947 has carried the insurance rate along with it. In that period, the trade's after-expenses investment earnings have advanced about 50 basis points, or 0.5%. What irks the life companies is that they have not been able to translate anywhere near all of this gain into after-tax net. "Federal taxes have absorbed more than half of the increase," O'Leary says.

The trade also takes a morose view of the hostile reaction in many quarters to the post-1947 rise in interest rates, and notably to the spurt last spring. "It might have been thought," O'Leary said sadly, "that interest rates had risen as sharply as most other prices in the postwar economy." On the contrary, he told LIAA members, "the facts are that even when yields were at their peak this spring institutional lenders seldom were able to obtain more than 5% on residential mortgages and 4% to 4½% was pretty much the range on investments in new bond issues." And these rates, O'Leary added, were "little changed from those obtained on new investments in 1952."

• **Two-Edged Sword**—It's obvious, of course, that these are the complaints of a lender—of a man whose views on money rates differ sharply from those of a borrower. But at one point O'Leary expressed a truth that's as valid for borrowers as for lenders. People forget, he said, that "interest payments are income as well as expenses . . . when interest rates decline, they reduce expenses for Mr. Jones but they also reduce his income."

Applying this truism to life insurance, O'Leary pointed out that "when rates rise, policyholders gain no income directly, but the cost of their insurance declines." And he adds that "if the 1930 level of rates had prevailed . . . in 1953 . . . net investment income would have been \$1.2-billion better . . . a sum sufficient to provide nearly \$40-billion of additional life insurance protection of the average 'mix' in force in 1952."

• **Safety Factor**—Pursuing its goal of the highest rate compatible with institutional safety, the life insurance trade continued a dual policy in 1953:

• Reduction of its holdings of governments.

• Concentration of new investments in such better-yielding securities as corporate bonds and mortgage loans.

"Modest purchases of preferred shares" were noticeable, O'Leary said, but "New York State companies remained largely inactive in the common stock market" (BW—Dec. 5 '53, p134).

The shuffling off of governments slowed down considerably this year. Indeed, governments ran second only to mortgages in the trades' 1953 shopping. This buying doesn't show up in the year-end estimates because it was largely confined to Treasury bills, mostly due in approximately 90 days.

• **What's Coming**—O'Leary doesn't consider 1954 prospects to be nearly so bad as some pessimists do. Among other things he expects that (1) capital spending will decline only moderately, (2) housing starts will again approximate 1-million, and (3) there will be a substantial amount of state and municipal construction projects. So O'Leary thinks that investment outlays will be about as large as they were in 1953.

As for the 1954 trend in money rates, O'Leary believes they will depend largely on the extent of government financing. He thinks that Treasury new-money demands might be higher than in any year since the war. And he added, "the way . . . Treasury demands . . . are met may again be the crucial factor in determining the trend of interest rates in 1954." Here's how he explained his view:

"If the government seeks long-term money it will have to compete with private borrowers for the supply of non-bank funds, and it will therefore exert an upward pressure on interest rates. If it resorts to short-term financing, on the other hand, the Treasury will be forced to utilize the resources of the commercial banking system, thus tending to increase the money supply. Under such circumstances interest rates will probably tend to ease."

State Accident

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"It has no loopholes, and very sharp teeth."

That's the way North Carolina's new safety responsibility law, which goes into effect Jan. 1, is described by the state's Commissioner of Motor Vehicles, Edward Scheidt. The reputed stiffness of the law—with its ironbound accident liability provisions—has made auto traffic officials and insurance men in other states sit up and take notice.

• **Rules**—The new law affects all motor vehicle operators or owners, including nonresidents of the state. Some of its provisions are:

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FINANCE BRIEFS

Public offering of a \$55-million issue of 25-year debentures is being planned by Atlantic Refining Co. Atlantic's capital expenditures in 1954 are expected to equal this year's \$87-million, says president Henderson Supplee, Jr.

Cash dividends by corporations last month ran 8% under November, 1952, reports the Dept. of Commerce. The lag is blamed chiefly on the fact that many companies deferred customary third-quarter payments until after the turn of the year, when income tax rates will be lower.

Federal cigarette tax revenue in July-September (\$393-million) ran 6.2% below the like period a year ago—reflecting the first important setback in cigarette sales in 20 years (BW—Nov. 21 '53, p140). This trend may be felt keenly by states that also tax cigarettes.

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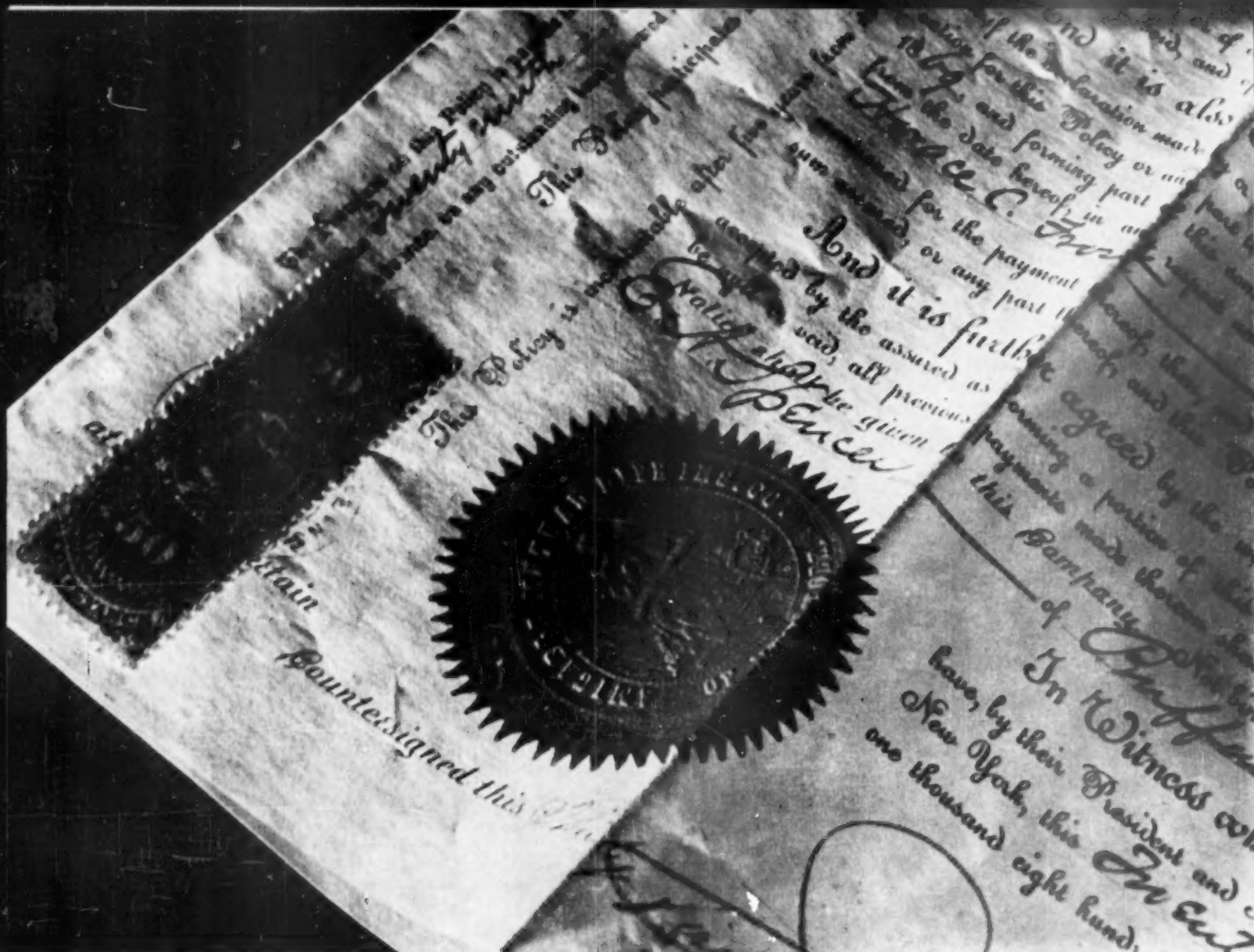


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Source: Publishers Information Bureau Analysis

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INTERNATIONAL OUTLOOK

BUSINESS WEEK

DEC. 26, 1953



Hopes for an eventual East-West settlement reached a new high in Washington this week (page 34).

Secretary of State John Foster Dulles, who is no Pollyanna, now feels that we have reached some kind of turning point in our relations with Moscow.

He told the National Press Club at midweek that the danger of war is less than a year or two ago, that there is some hope for serious East-West discussions on atomic matters and on Germany.

For Dulles, there are two key factors in the new world equation: growing Western strength and weakness behind the Iron Curtain.

Despite the serious crisis in France, Dulles counts on strengthening Western unity over the next year. At the same time he sees:

- The certainty that satellite discontent will weaken Moscow's position.
- The possibility that Russia itself may have to divert some of its resources from defense industry to provide more food and consumer goods for the Russian people (page 68).

There's new evidence from within Russia of pulling and hauling at the top level.

Last week's indictment of police chief Beria, who was ousted last June, reveals bitter infighting inside the Kremlin.

It also suggests that a new topside shakeup could be in the offing.

The crisis of French democracy was never more apparent than now.

The unprecedented struggle to elect a president—a post traditionally considered above politics—will be patched up temporarily. Nonetheless, it's clear that there isn't a substantial, coherent majority in the French Assembly for any solution to any major problem facing France.

Note, too, that the European army treaty and Secretary Dulles' "brutal" warning that France must ratify or else aren't the dominant factors in the Versailles squabbling. Party rivalry, personal animosity, deep-seated economic, social, and religious differences bulk larger than foreign policy.

We'll keep prodding France to ratify EDC and go ahead with plans for the Big Four meeting in Berlin.

Yet all the pressures in Paris are to mark time on all major problems. It may be that France faces caretaker governments for months to come.

Trade with Communist China is becoming as much a headache for Western Europe's businessmen as it is for the U. S. State Dept.

Britons, for example, have nursed high hopes for expanding China trade. Yet last year's trade talks in Peking have resulted in few substantial orders.

British businessmen find the Chinese demanding long credit, offering flimsy guarantees of payment. Peking's trade negotiators delight in playing British and West German businessmen off against each other, telling one that the other's credit terms are more attractive.

Total British orders booked for China this year are pegged at about

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

DEC. 26, 1953

\$25-million, though only \$17-million worth has been shipped and the rest may never get there. And while this represents an increase over last year, it's no more than a tiny drop in the bucket of total British trade.

Eight of the world's largest oil companies have met in strict secrecy in the London offices of Anglo-Iranian Oil Co. There are reports that the delegates hammered out a tentative marketing agreement to buy up Iranian oil and fit it back into the world market.

Some Londoners say that the plan would give AIOC a 50% interest in a marketing group. The rest would be split between Standard Oil (N. J.), Standard of California, Texas, Socony-Vacuum, Gulf, the Shell group, and France's Cie. Francaise des Petroles.

The oilmen recognize Iran's right to sell oil to independents, but they don't believe there will be many firm takers.

Iran, to be sure, will have the last word on any scheme. And it's by no means certain that Teheran would swallow such large British participation.

Washington's "honest broker" in the oil talks, Herbert Hoover, Jr., doesn't think Iran will accept anything more than a very minor British interest.

British oilmen, however, are optimistic, eager to get oil talks going again. It's been reported that AIOC is even willing to invest a "considerable sum" to help start the flow again. (Hoover has estimated at least \$50-million is needed plus several hundred foreign technicians.)

The next step might be an official oil mission to Iran, led by Britons. The object would be limited: just to get wells flowing again and move the stock of refined products waiting at Abadan.

Even this would require prolonged dickering. But from a modest beginning might come a long-term solution for Iran's oil.

Squeezing any substantial amount of Iranian oil into world markets today will be difficult. Some other producers may have to cut back. But the oilmen believe that over the long haul expanding world demand will make the marketing problem manageable.

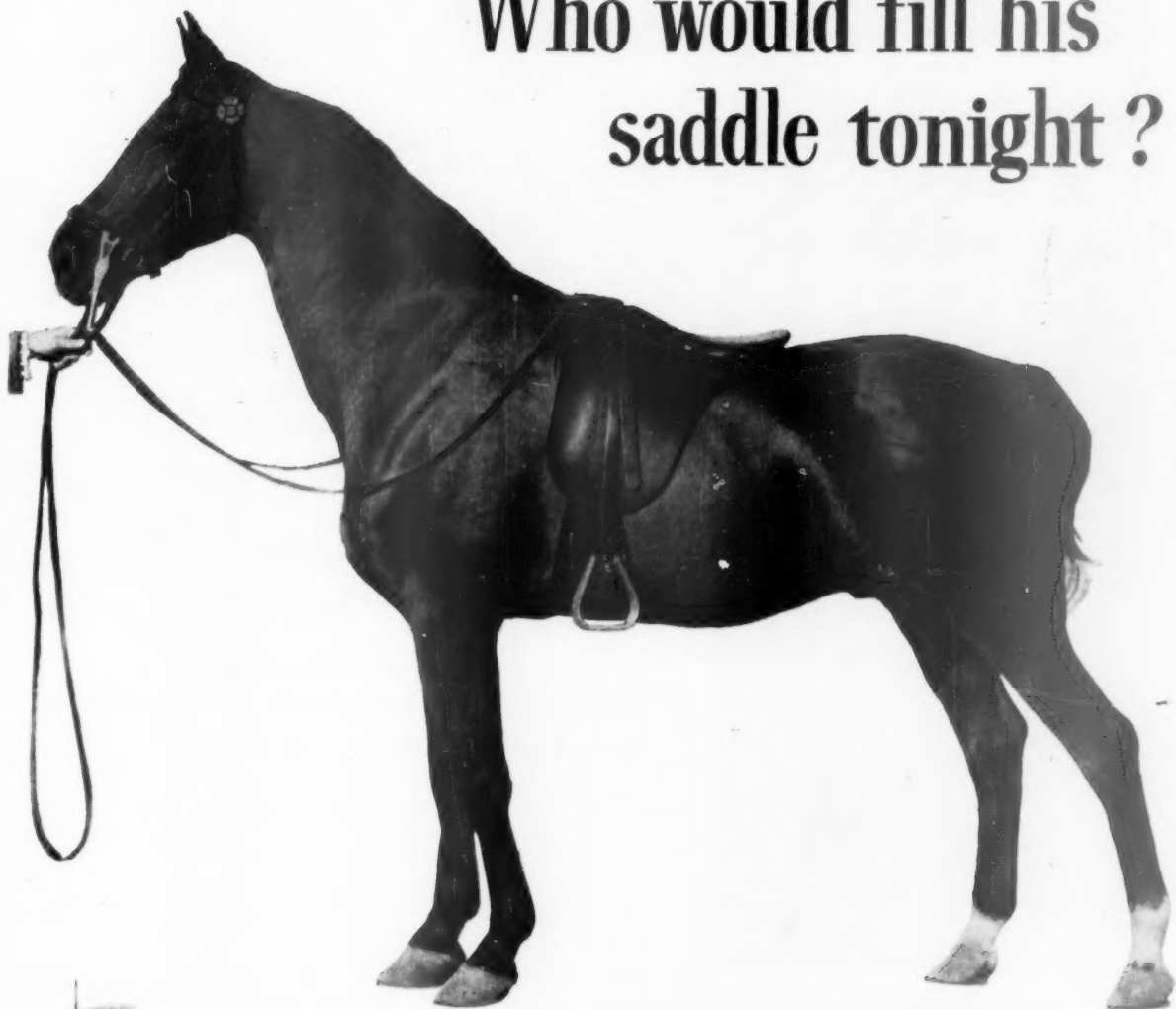
The Randall Commission on foreign trade policy has stepped up its timetable: It's shooting now for a final report in mid-January, instead of March.

There'll be no recommendations for major tariff cuts next year; nor is Chairman Clarence Randall shooting for a wholesale reform of our tariff structure. The commission is too divided to agree on such a program.

Randall himself hopes the group's report will urge:

- Stabilizing tariff levels where they are, holding the door open for future reductions.
- Accepting the principle that direct compensation for industries hurt by imports might better serve the national interest than tariffs.
- Changing the escape clause provisions of the Trade Agreements Act, tightening the definition of what constitutes "injury from imports."

Who would fill his saddle tonight?



Paul Revere wasn't "anybody important."

He never had much education or money. He wasn't a statesman, a soldier, a teacher, or an editor. He wasn't even a constable.

He was just a plain citizen — like, perhaps, you . . .

A plain citizen with the heart to love freedom, and the head to know no man has an unbreakable lease on it.

Why did plain Paul Revere take it upon himself to make that midnight ride? There's only one answer. He knew that while freedom is the plain citizen's great privilege, keeping it is the plain citizen's great responsibility.

Somebody may have to fill Paul Revere's saddle one day. Not with a midnight ride, because times have changed, but with some other effort that will bring a danger out into the light. It may be only a small danger, but history shows that the things that have snatched freedom from men have all had small beginnings.

So long as some men lust to take away the freedom of other men, the U. S. A. needs people who will *take the trouble* to be *informed* to understand, *vigilant* to detect, and *vocal* to express an opinion.

Freedom would be pretty unshakable in a nation of 160,000,000 people who think the way Paul Revere did.

Norfolk and Western Railway

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Shoe leather — West Germany
Cosmetics — Britain, Switzerland
Razor blades — Sweden

Textile machinery — Britain
Food machinery — Britain

Ships — Britain, France, Belgium, Holland
Electrical equip. — Britain, France, Belgium
Steels, steam boilers, cranes — France

MR. MIKOYAN GOES SHOPPING—IN WESTERN EUROPE

© BUSINESS WEEK

To Please the Russian Consumer

Russia's trade bosses are scrambling to get West European consumer goods including food—and machinery to make more consumer products.

This policy reverses the trade offensive that the Russians launched at the Moscow Economic Conference of April, 1952.

For at least a year after the Moscow trade meeting, Soviet foreign trade chief Anastas Mikoyan maneuvered to break the Western embargo on strategic goods. He tried to tempt Western European countries with offers to buy consumer goods—with some of the banned capital goods tied into the sale. In pay-

ment, he was ready to offer traditional Russian export items like grain and timber.

• **Change of Spots**—Today Mikoyan, who is the new boss of Soviet domestic as well as foreign trade, is offering goods for consumer items. He has stepped up Soviet purchases of consumer goods in Western Europe without attaching any strings.

He is trying also to buy machinery to bolster Russia's light industry. In payment, he is offering Russian strategic materials like manganese and chrome and in many cases he is swapping Soviet oil at bargain prices. At the same time,

Moscow has been selling gold and other precious metals in Western Europe to obtain foreign currencies, especially sterling (BW—Dec. 12 '53, p152).

It's clear enough why Moscow has changed its trade tactics. For one thing, during the first part of 1953 its trade with the non-Communist world slumped rather badly. For another, the Malenkov regime is desperately anxious to increase the flow of consumer goods to the Russian people.

• **Priorities**—Not that Moscow has given consumer goods top priority in its imports from Western Europe. For the present, ships—from fishing trawlers

to passenger ships—probably take first place. And after ships the order would be: (2) machinery for Russian light industry, especially food processing plants; (3) consumer goods; and (4) electrical equipment, including diesel generators and copper cable.

• **Limits**—Unless Moscow is prepared to throw a lot more gold into the game, there will be definite limits to what it can buy in Western Europe. It is short of foreign currencies and can't arrange all the trade it wants via barter deals.

Still Moscow's interest in buying Western Europe's consumer goods and equipment for light industry has reached a point where Washington is taking a fresh look at the whole question of East-West trade. Until recently, U.S. officials have considered Soviet moves in this direction as no more than propaganda gambits.

• **Deals Pending**—Recent Soviet trade operations in Western Europe prove pretty conclusively that this is not the case any longer. Here's how the picture looks this week across the Atlantic:

Britain: Soviet buying missions are showing the keenest interest in getting machinery for the production of consumer goods. A British firm already has started work on a \$30-million order for textile machinery (mostly spinning equipment). Other firms have been getting pressing and detailed inquiries for food processing and packaging machinery, including complete plants for making margarine and butter, for sterilizing and bottling milk, for wrapping and packing food, and for sugar refining. No deals have been signed yet on these items. But several British manufacturers are ready to go to Moscow to close the business as soon as they get visas.

Orders for actual consumer goods are still relatively small. One barter deal—\$1.4-million of Soviet matches for British woolen cloth—is in the works. Another barter deal is pending—\$7-million worth of Soviet plywood for rayon and woolen cloth. One \$300,000 order for cosmetics is reported.

As for ships, the British Admiralty has recently approved \$30-million worth of business—fishing trawlers and one fish factory vessel. (The builders are now in Moscow discussing details.) But the Admiralty has turned thumbs down on Soviet inquiries for five 10,000-ton cargo ships, several passenger ships, ocean tugs, and a whale factory ship, and some whale chasers.

Actual orders for electrical equipment and cables aren't large yet. But inquiries, including some for banned items, are sizable.

Scandinavia and Benelux: It's in this

area that the Russians are buying food most heavily. Soviet imports of butter from the Netherlands and Denmark are now reaching 30,000 tons a month; there has been some buying of bacon and canned foods, too. Soviet purchases of fish have gone up in both Sweden and Norway. And recently Moscow took huge quantities of unsold fish from Iceland, paid for it mainly with petroleum products.

Swedish manufacturers are selling the Russians \$1-million worth of razor blades.

Soviet buyers are showing new interest in Belgium's woolen textiles, copper cable, and industrial machinery. Last year, Moscow bought about \$15-million worth of Belgian products, evenly divided between ships, synthetic yarns, and steel bars. This year the emphasis has shifted. It already includes 480 tons of copper cable, 500,000 yd. of worsted fabrics, and a \$1-million worth of wool linings.

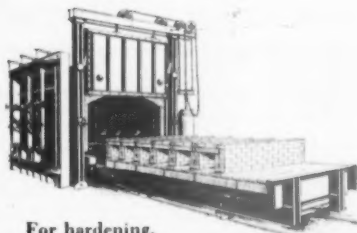
France: A recent Franco-Soviet trade pact calls for an exchange of 12-billion francs worth of goods each way in the current year. That compares with 5-billion francs covered by a trade pact for the previous year, when total Franco-Soviet trade came to 12-billion francs.

From the French side, the big items are six 5,000-ton cargo ships, 200 large cranes, 25 large steam boilers, 100,000 tons of rolled steel, \$2-million worth of electric cable. But the Russians are also taking 2-million meters of rayon cloth, 800,000 meters of woolen cloth, 3,000 tons of cocoa beans, and 3,000 tons of citrus fruits. In return, Moscow is supplying 400,000 tons of crude oil, plus coal, timber, and chrome.

Italy: Russian purchases of consumer goods in Italy have gone way up this year, while imports of ships, ball bearings, machine tools, and electrical equipment have gone down. This year, consumption items will account for about 80% of Soviet imports from Italy, as against 30% in 1951. Italy will ship \$4-million worth of citrus fruits, \$3-million of rayon filaments, \$1-million worth of woolen textiles.

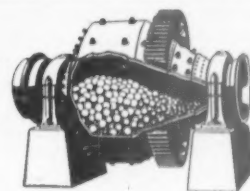
Other countries: Soviet buyers are showing the same kind of interest in other non-Communist countries of Europe. A deal is in the works for this shipment of large quantities of West German shoe leather to Russia. In Greece, the Russians are boosting their purchases of tobacco, cotton, and rice. Finnish industrialists who have been in Moscow recently found the Russians keenly interested in expanding light industry in a hurry, and anxious to buy machinery in Western Europe for this purpose.

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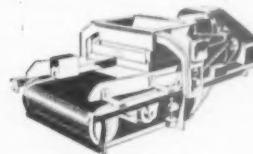
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Swiss Watches and U.S. Trade

Tariff case revives as antitrust probe adds new heat to old disputes . . . First German dollar bonds validated . . . Canada gets Dutch bankers, German goods.

That old perennial, the watch tariff case, is coming up again in Washington. But this time, it will arrive amid the superheated atmosphere of a Justice Dept. antitrust investigation. The antitrusters, it appears, are collecting a mighty dossier on the Swiss watch industry and its U.S. customers and competitors, trying to decide whether there's a violation of the Sherman act in the marketing of Swiss watches and movements in the U.S.

There's a lot of emotion involved. The Swiss are outraged. The importers insist that once a watch movement leaves Switzerland it makes its competitive way unaided by any monopoly arrangements. U.S. manufacturers who are seeking tariff relief against an increasing flow of Swiss watch movements fear that the "Swiss watch cartel" aims to control every phase of the industry in the U.S.

• **How Long an Arm?**—"Cartel" is a dirty word, and its use isn't calculated to clear the air for the upcoming tariff discussion. Nonetheless, it's no secret to the industry, or to the Justice Dept., that the Swiss industry, including U.S. firms like Bulova, Gruen, and Benrus that manufacture in Switzerland, is tightly organized by the Federation of Watch Manufacturers there. What Justice wants to know is whether the Federation's ironclad control of production, marketing, prices at home extends in any aspect into the U.S.

You can get as many different opinions on the issue as there are Swiss watches—and Justice is keeping absolutely mum. But it would be naive to suppose that the Swiss federation, which supplies some 90% of the world's jeweled watches, doesn't have the power to decide who gets how many watches at what price. Even U.S. factories in Switzerland are under strong pressure to go along.

• **Impetus**—Some industry observers suspect that the recent Benrus-Hamilton squabble (BW—Sep. 20 '52, p. 38) may have served to put the spotlight on the watch industry, and piqued Justice interest. The Benrus Watch Co. (which manufactures in Switzerland) tried to gain control of the Hamilton Watch Co. (one of the few U.S. domestic manufacturers). Hamilton got a court to enjoin Benrus from voting its Hamilton stock, or buying any more. There the matter stands.

If Benrus had gained control, so the argument goes, that would have reduced

from three to two the number of major U.S. manufacturers having no connections with the Swiss federation. It might have further reduced the amount of U.S. watchmaking if Benrus had decided to import most of the parts for Hamilton watches. The fact that such a possibility even existed may have impressed Justice.

• **Effect on Tariffs**—There's no indication how far along the Justice Dept. is in the watch probe, but it's safe to say it has piled up a tremendous amount of data. One lawyer guesses that Justice may be close to trying to make a case. Others doubt it. There's little doubt, however, that the investigation will figure prominently in the tariff hearings, and supporters of higher watch tariffs may use the term "cartel" in support of their case that the U.S. watch industry is becoming dangerously dependent on Switzerland.

Bonds Back in Business

The first of \$73-million worth of pre-war German dollar bonds submitted under the U.S.-West German debt agreement were validated in New York last week—\$3,000 worth of Young Loan bonds belonging to Miss Frieda Doering, of Brooklyn.

Once validated, the bonds will be eligible for service and repayment (BW—Sep. 5 '53, p. 132). And when enough are screened, there'll be trading on the open market. The validation rigmarole was made necessary when some \$350-million of the bonds disappeared—presumably into Soviet hands—after the fall of Berlin. If you have any German dollar bonds gathering dust, get instructions from the Validation Board, 30 Broad St., New York.

Enter the Dutch . . .

Canada's exclusive and distinguished fraternity of chartered banks, which has numbered only 10 for the past quarter century, has welcomed a newcomer. That's an event in itself. What has sparked added interest is the fact that Number 11, the Mercantile Bank of Canada, is financed and controlled in the Netherlands.

Mercantile Bank's Dutch parent is Nationale Handelsbank, Amsterdam, an old-line merchant-banking house that has specialized in foreign trade since the

1860s. World trade business will probably bulk large in Mercantile Bank's operations, especially where it involves the Far East, a prime bailiwick of Nationale Handelsbank.

• **Local Business, Too**—Mercantile will offer complete banking services for Canadians, from checking and savings accounts to business loans. Mercantile's 44-year-old Dutch president, Henri Moquette, says he's especially interested in serving "new Canadians"—the hundreds of thousands of European immigrants to Canada (some of them Dutch) who still have strong ties with the old country.

For the present, Mercantile Bank has set up shop on Montreal's Victoria Square; later it hopes to build its own office building on land purchased nearby. It hasn't blueprinted a string of branches around Canada; instead it's counting on a limited number of strategically located offices. Vancouver will be first some time next spring; Toronto will probably come along later.

. . . and the Germans

West Germany is eyeing the growing Canadian market, too. And according to Toronto's Financial Post, the Germans are turning in an "impressive performance" in terms of "quality of product, design, styling, delivery, credit terms—and pricing."

It isn't the size that counts: Canadian imports from Germany for the first seven months of this year were only \$19-million. That's a drop in the bucket when you figure U.S. sales in Canada at \$2-billion for the same period. What is important, the Financial Post believes, is that German imports have doubled in the past year, that West Germany leads all other continental exporters in the Canadian market, that German businessmen are doing patient spadework to develop a niche for themselves in Canada. It's no accident that in the 1953 Canadian International Trade Fair (BW—Jun. 20 '53, p. 122), Germans ranked third in over-all exhibit space—behind Canada and Britain but well ahead of all other nations, including the U.S.

The Pictures—American Arbitration Assoc.—78; American Mutual Liability Insurance—102; Roy Bosson—29; Cal-Pictures—cover, 90, 91, 92; Robert C. Holt, Jr.—82; International News Photos—32; Kenworth Motor Truck Corp.—55 (bot.); Ed Nano—30, 31; Sonotone Corp.—55 (top); Sovfoto—68; United Press—56, 71; Wide World—74, 76.

BUSINESS ABROAD BRIEFS



Ministerial maneuvers: The newly formed Egyptian National Guard, in which President Naguib is urging his cabinet and official aides to take part, held maneuvers recently. Picture above shows the Minister of Moslem Charities, Sheikh Hassan el-dakuori, in ambush.

Sales pitch: Over 500 West German firms will stage an all-German industrial exhibition in Mexico City next March, aimed at stimulating sales throughout Latin America. Half the exhibitors will be heavy machine makers; there'll be electrical, chemical, toy, and musical instrument manufacturers, too.

The battle for control of London's Savoy Hotel (BW-Dec.12'53,p156) is over. Real estate operator Harold Samuel, who piled up 37% of Savoy Hotel Co. stock in an effort to take over the company, gave up the fight. Samuel will sell out in a deal that London guesses will gross him a profit of over \$750,000.

Willys-Overland officials have been visiting in Buenos Aires, with an eye to producing Jeeps and other Willys products in Argentina. Plans for an Argentine company affiliated with Willys may be announced after the first of the year.

West Germany's chemical exports this year will top the postwar record of \$500-million, set in 1951. Third-quarter sales abroad were up 14% over the same period last year, production soared 22%.

Hindustan Steel Ltd. is the name of India's big (500,000 tons) yearly steel company, to be financed with Indian, West German, and possibly World Bank money. Final agreement for the \$150-million mill was signed this week in New Delhi.

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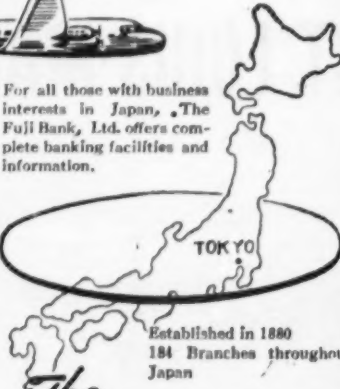
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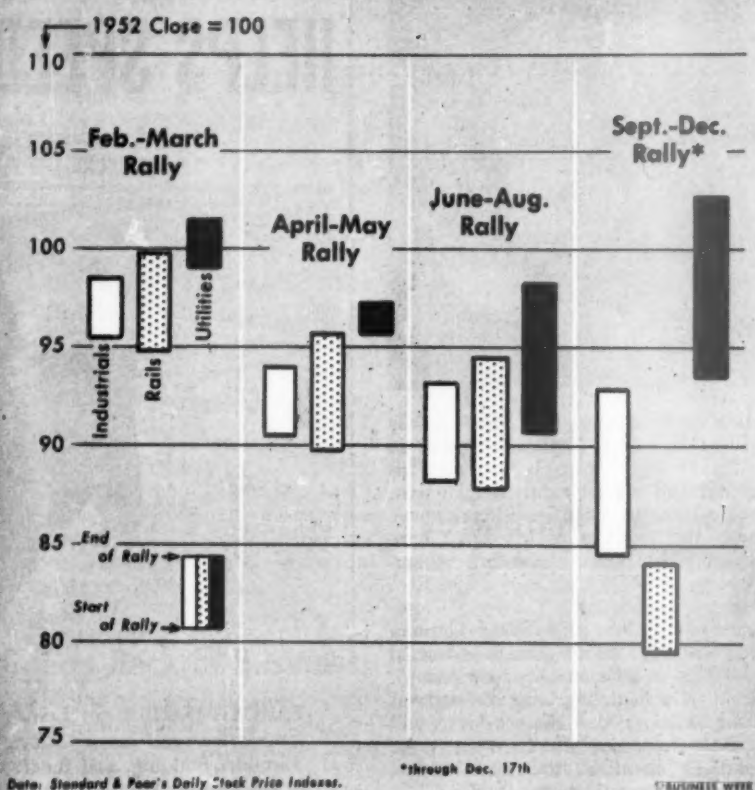
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THE MARKETS

How Much the Rails Have Faded Lately



Rails Still on Downgrade

"Investors are fooling themselves if they think the railroads are... a static industry," says William White, president of the New York Central RR. Actually, White says, the rails "have a dynamic quality... which offers opportunity for growth." Otherwise, they could never have "moved so far in our lifetime despite their problems... and... outmoded regulation."

White gave this advice to the underwriting-brokerage fraternity at the 42nd annual convention of the Investment Bankers Assn. of America.

It could well prove timely advice, too. White is no neophyte where railroading is concerned. Long before he moved to the Central (BW-Jan. 3 '53, p86), Wall Street had him marked down as one of the railroads' smartest management men.

• But Unconvincing—Thus far, however, White's advice has fallen on deaf ears where investors in general have been concerned. As the chart above shows, rails have been the worst actors of all groups in the rally since mid-Sep-

tember. And they continue to act in discouraging fashion.

This state of affairs, moreover, looks even messier when individual performances are put under the microscope. As the table on page 73 reveals, only 10, or 22%, of all the rails listed have performed this year at an average or above-average pace. Well over half also show 1953 losses of three to eight times the average loss stocks as a whole have suffered, according to one composite market index.

• Here's Why—How does it happen that rails perform so poorly in vying for popularity with investors?

• Since 1929, investors have come to believe more strongly than ever that railroading is a feast-or-famine trade.

• Investors don't think the rails generally have paid out enough dividends in lush times to make up for all the hazards involved in long-term holding of their issues.

Last year, for example, Class I carrier earnings ran some \$537-million higher than in 1946, yet dividends were

only around \$100-million higher. This year's disbursements, moreover, aren't expected to run much more than \$15-million ahead of 1952, though earnings should prove at least \$75-million higher.

• Investors fear what may happen to rail earnings next year if business activity should slide while current wage negotiations result in a sharp boost in the trade's already high payroll costs.

• **Downtrend Already**—You can already see the downtrend in freight loadings—the industry's life blood. As a result, rail analysts have been busily cutting their estimates of earnings. Few now be-

lieve, for instance, that Class 1 net profits this year will run much over \$900-million. They had earlier figured on \$925-million, or better (BW-Oct. 17'53,p62).

True, investors who view the rail industry this way—instead of as White advises—may be attaching too much weight to the gloomier aspects of the picture. Since 1929, however, they have been burnt badly by rail stocks on several occasions. And they seem to be sitting out this rally—where stocks are concerned—until the industry's future takes clearer shape.

The Rails: 1953's Biggest Market Disappointment Compared with this yardstick . . .

	1952 Close	1953 Range High Low	Recent Level	1952 Close vs. 1953 High Recent Price
Standard & Poor's 90-Stock Price Index	211.0	211.7 180.4	198.4	+ 0.3% - 6.0%

. . . only these few rails have equaled the average or bettered it:

Minneapolis & St. Louis	\$16.50	*\$24.00	\$16.12	\$21.62	+45.5	+31.6
Pittsburgh & Lake Erie	57.00	75.00	57.12	65.62	+31.6	+15.1
N. Y., New Haven & Hartford	22.87	34.00	19.87	25.25	+48.7	+10.4
Denver & Rio Grande	84.12	97.00	74.00	86.50	+15.3	+2.8
Southern Railway	41.00	49.87	38.00	41.25	+21.6	+0.6
Western Maryland	24.37	32.25	20.00	24.37	+32.3
Seaboard Air Line	44.80	45.50	36.62	42.75	+1.6	-4.6
Union Pacific	115.25	115.75	100.00	109.00	+0.4	-5.4
Atchafalpa, Topeka & Santa Fe	101.50	103.00	86.00	95.25	+1.4	-6.2
Louisville & Nashville	67.50	67.87	55.00	62.50	+0.5	-7.4

. . . and all these have lagged behind

Chicago, Rock Island & Pacific	68.62	76.87	*59.00	62.75	+12.0	-8.6
Illinois Central	85.50	88.50	65.12	78.50	+3.5	-10.7
New York Central	22.12	25.50	19.00	19.62	+15.3	-11.3
Great Northern (Pfd.)	56.12	58.62	47.00	47.87	+4.5	-11.4
Western Pacific	63.00	67.37	46.50	55.75	+6.9	-11.5
Delaware & Hudson	50.00	52.87	40.50	44.00	+5.7	-12.0
Kansas City Southern	45.50	46.12	36.37	39.87	+1.4	-12.4
Texas & Pacific	135.00	138.00	103.00	118.00	+2.2	-12.6
Delaware, Lackawanna & Western	14.00	15.37	*10.37	12.12	+9.8	-13.4
Pittsburgh & West Virginia	24.00	25.37	17.62	20.00	+2.2	-16.6
Chesapeake & Ohio	39.62	41.62	32.75	33.00	+5.0	-16.7
Reading Co.	33.00	33.87	*26.25	27.12	+0.3	-17.8
Southern Pacific	46.00	49.75	36.12	37.62	+8.2	-18.2
St. Louis-San Francisco	30.75	33.75	23.37	24.62	+9.7	-19.9
Norfolk & Western	50.75	53.12	*40.37	40.62	+4.7	-20.2
Bangor & Aroostook	21.37	22.62	16.50	17.00	+5.9	-20.4
Missouri-Kansas-Texas	5.50	6.25	*4.37	4.37	+13.7	-20.5
Colorado & Southern	55.90	66.12	*43.50	43.50	+20.2	-20.9
Pennsylvania R. R.	22.62	23.75	*17.50	17.50	+5.0	-22.6
Nashville, Chattanooga & St. Louis	99.25	99.75	74.00	76.25	+0.5	-23.2
Virginian Ry	34.12	35.75	*25.62	26.12	+4.8	-23.4
Chicago Great Western	26.00	26.75	*17.00	19.75	+3.1	-24.0
Gulf, Mobile & Ohio	37.37	38.12	27.00	28.37	+2.0	-24.1
Baltimore & Ohio	27.75	30.37	*20.00	20.50	+9.4	-26.1
New York, Chicago & St. Louis	47.00	48.12	30.00	34.50	+2.4	-26.6
Atlantic Coast Line	119.75	119.75	83.62	87.00	-27.3
Erie R. R.	22.62	22.87	*16.12	16.25	+1.1	-28.2
Maine Central	27.00	33.75	17.50	19.00	+25.0	-29.6
Lehigh Valley	20.87	22.62	14.37	14.62	+8.4	-29.9
Northern Pacific	82.75	84.00	52.00	57.12	+1.4	-31.0
Chicago & Eastern Illinois	22.25	23.25	12.00	15.25	+4.5	-31.5
Chic., Indianapolis & Louisville "B"	9.37	10.00	6.12	6.12	+6.7	-31.7
Chicago & North Western	18.87	21.50	*11.37	11.62	+13.9	-31.8
Chic., Milwaukee, St. Paul & Pac.	20.37	22.37	*11.50	11.50	+9.0	-33.5
Boston & Maine	13.00	13.87	*6.75	7.12	+6.7	-45.2
Minneapolis, St. Paul & S. S. M.	18.75	19.12	*9.00	9.12	+1.9	-51.4

NB. All prices are after allowing for any 1953 stock splits. * Registered since September-December rally started.



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NO-RAID PACT was signed by heads of AFL and CIO: left to right, William Schnitzler, AFL secretary-treasurer; George Meany, AFL president; Walter Reuther, CIO president; James Carey, CIO secretary-treasurer. Question: Does the pact bring labor . . .

Closer to AFL-CIO Merger?

The truce still has to be signed by leaders of individual unions before it becomes binding. But it could be a step toward merger, regarded as increasingly desirable.

Is one big labor federation a near-future possibility in the U.S.?

That was the question on everybody's mind last week as seven-man committees from AFL and CIO met and drew up articles of armistice.

After six futile tries at finding a basis for unity—stretching over a 16-year period—the two rival groups set themselves a narrower objective and achieved success. Now they are agreed not to raid each other's preserves.

If that pact is honored by deed as well as word, a large step toward AFL-CIO merger will have been taken.

• **Unity-Conditioning**—There has been a change in "climate" for labor. Leaders say organizing is tougher, improved contracts are harder to win, and strikes are a riskier undertaking. This change has served to bring unity closer.

As long as the two federations could go their separate ways, winning new recruits and achieving substantial economic gains, there was no incentive to get together. But the combination of political shift and beclouded business outlook, which makes employers more resistant to union demands, has also made labor leadership defense-minded. Unity begins to look attractive to the leaders.

• **Ways & Means**—There is more to

finding unity, however, than just a will. There is the problem of finding a way.

The way has to be found among such thorny questions as how to coordinate or combine unions operating in the same field; how to provide jobs and prestige roughly equivalent to what is presently enjoyed by the small army of men who make up the staffs of two separate organizations; how to blend such miles-apart ideologies as those of the business-minded, craft-conscious carpenters and the near-utopian visions of the auto workers.

Organic merger is not just around the corner. But if the no-raiding pact really works, it may be said to be in sight. Will it work?

• **Incentive to Raid**—The pact faces two real perils. The first is the temptation—stronger now than ever before because organizing is tough—every union faces to pick up a new group of members whose ties to a rival organization have been weakened. And the second of these perils is Dave Beck.

Beck's teamsters' union is the only U.S. labor organization that is still showing a substantial growth. In part, it's growing because it is bringing in brand-new members in a colossal jurisdiction that was never systematically ex-

ploited under Dan Tobin, Beck's predecessor. And in part it's growing because teamster success has induced breakways from other unions less powerful than the teamsters—and because Beck seems to have no compunction about raiding.

• **No Teeth Yet**—Thus far, neither Beck's teamsters' union nor any other of the 110 AFL and 35 CIO unions is bound by the no-raiding pact's terms.

Not until leaders of the individual unions sign the pact themselves can they be committed. And none was ready to sign until all were sure their biggest rivals were also going along.

Walter Reuther promised that unions representing 98% of CIO membership were ready to sign, while George Meany claimed he knew of no AFL unions that weren't prepared to go along with the agreement. Another meeting was scheduled for early next year, when the signing ceremonies are to take place.

While everyone was outwardly optimistic, undertones of pessimism ran through the meeting. Reuther's team kept repeating that CIO was ready as soon as AFL came up with signatures from the "substantial" unions. This meant Beck.

Meany will have about two months to bring his unions into line. The question: Can he, from his throne, exercise enough pressure on the autonomous AFL unions to collect their autographs for the no-raiding pact?

AFL faces the same tough problem within its own ranks. AFL unions are just as prone to raid one another as the CIO unions. The Federation is attempting to put an end to this in much the same manner as the pact involving the two organizations.

• **Committee Job**—A five-man committee of top AFL leaders has been assigned the job of coming up with a formula by Feb. 1 that could end the intra-Federation wars.

Building trades' chief Richard Gray sponsored the peace attempts within AFL and forced action on the issue at the last AFL convention after the Federation had ducked it for years. Gray believes AFL should work out its own problems, then talk terms with CIO.

That's another roadblock Meany will have to skirt to complete the agreement.

The AFL-CIO no-raiding contract is slated to become effective Jan. 1 and run for two years, but there won't be any signatures on it until February—at the earliest.

• **Reuther's Concession**—Both Meany and Reuther want full merger.

Reuther wants it so badly that he has agreed to bow out as president and leave Meany the top post of a single federation.

THE LABOR ANGLE

Setback on the Waterfront

REQUIREMENTS of the holiday press schedule make it necessary to close this issue of BUSINESS WEEK before the results of the NLRB-conducted election on the New York waterfront are known. It seems now that the International Longshoremen's Assn., the organization expelled from the AFL on charges of being mob-controlled and corrupt beyond reform, will win that election. Prevalent opinion is that the rival union, hastily established by the AFL when the ILA was expelled, did not have enough time to woo support away from ILA and is doomed to defeat.

If this forecast proves correct, the most hopeful development to be sighted in the U.S. labor movement since 1949 will come to naught. (Back in 1949, the CIO expelled Communist-dominated unions from its ranks.) If something approaching a miracle makes that forecast wrong, the AFL and the nation's biggest port will both feel a breath of fresh air.

Earlier this year, the AFL broke with its 75-year-old tradition of complete autonomy for its affiliates and laid down reform conditions for the ILA. When its longshore unit failed to meet those conditions it was booted out of the Federation and a new union was chartered to replace it.

That undertaking was, for the AFL, both historic and heroic. George Meany, AFL president, moved a mountain. More than a few union representatives who sat glumly in the convention that expelled the ILA, and voted grudgingly to go along with that decision, wondered when the new house-cleaning broom was going to sweep at them. It looked as though the AFL, at long last, was going to do some serious self-policing, that some malodorous practices and dubious characters were on the way out.

THE NLRB decision to hold a quick election changes the picture. AFL efforts to win the rank-and-file dockworker away from the ILA couldn't go on long enough to assure majority support. The AFL loses its jurisdiction in the longshore industry; Meany loses face and standing; the AFL reform suffers a serious, perhaps

even fatal, blow; and those elements in the AFL that are akin to those dominating the ILA are made stronger, more confident, and more secure because the first big effort at a cleanup turns out to be a fiasco.

Another consequence of an ILA victory will be to make substantially more difficult the work of the Waterfront Commission of New York Harbor—the bi-state body established this year by the New York and New Jersey legislatures to end corrupt and criminal practices that have hurt the port so seriously. The AFL was prepared to cooperate with the Commission; the ILA is opposed to it.

STILL another byproduct of this important case—the biggest handled by NLRB since the appointment of Guy Farmer as chairman—is to make John L. Lewis a large factor in what is for him a new labor field. His mine workers union loaned the ILA \$50,000 to compete with the AFL. Lewis doubtless went into the enterprise to make a little mischief for his erstwhile colleagues in the AFL with whom he is now embattled. He will probably come out of it with the ILA affiliated with his catch-all District 50.

Harry Bridges, who has given at least moral support to the ILA, also gains through an ILA victory. A vigorous AFL union in longshoring could make real trouble for him.

WHY did NLRB set all this up as it did? It did not have to; the law gives it discretion to schedule an election when it thinks proper and in other cases, like this one in which a large number of unfair labor practice charges have been filed, it has delayed a ballot.

The answer to that remains a little murky. The board's own explanation is that if the representation question remained unsolved, there would have been a strike in the port on Dec. 24 when an 80-day Taft-Hartley injunction expired. But there were people in high places in Washington, New York, and New Jersey this week who echoed what the steel industry said when it was shut down by the CIO last year, "There are some things worse than strikes."



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PROHIBITION REPEAL was toasted by festive crowds 20 years ago this month. But...

"Dry" Forces Are Still Trying

This worries both unions and companies in the alcoholic beverage business. Their antiprohibition committee is an example of labor-management cooperation.

Twenty years ago this month, news services flashed a long-awaited bulletin across the country: The 18th Amendment was dead; the long drought of the Prohibition era was ended.

CIO's United Brewery Workers has recalled that day in a proclamation to members—urging that all remember "this important occasion," which opened up jobs for more than a million workers and enriched federal, state, and local tax coffers by "over \$43-billion" in two decades.

• **Warning**—UBW's interest in the occasion is not just historic. The union is concerned today over new efforts to outlaw alcoholic beverages. Brewery union officers warn their members:

Be on the alert "in order that Prohibition may never again be foisted upon the American people."

UBW isn't alone in its fear of what it considers to be new dry sentiment. Other unions in the brewing, distilling, and allied industries share the brewery workers' concern. One—the Hotel & Restaurant Employees and Bartenders International Union (AFL)—also observed the anniversary of the end of Prohibition by warning: "As our jobs were threatened [before] so are they threatened now." The Glass Bottle Blowers Assn. (AFL) similarly admonished its members to guard against a new threat from anti-alcohol forces.

Mostly, the unions are working quietly through the National Coordi-

nating Committee of the Beverage Industry—an organization made up of unions, trade associations, and producing companies.

• **Cooperation**—The National Coordinating Committee, set up in Washington in 1950, is perhaps the outstanding example of U.S. labor-management cooperation on a broad scale. It is also one of the least known. It has instigated plenty of publicity, but had relatively little itself.

The committee is aimed, unions and management say jointly, at "fighting the excessive and discriminatory excise taxes levied against distilled spirits and beers," and at "constant and vigilant watch for federal, state, or local legislation prejudicial to the industry." In other words, against new dry laws.

Originally, the committee had as members two unions, two trade associations, two beer producers, and one distiller; it now includes eight unions, three associations, and five companies that produce alcoholic beverages. Its goal is "to include everybody in the industry, or allied with it."

Joseph E. Brady, chairman of the committee, is from UBW. The secretary, Paul E. Jorgensen, comes from the National Licensed Beverage Assn. The committee makes its headquarters in Cincinnati's Hotel Sheraton-Gibson, in a small office manned by one employee. The small staff and "very small" budget don't adequately reflect

the committee's activities. Member organizations or companies pay only \$50-a-year dues—but underwrite specific projects on a voluntary basis.

• **Activities**—The committee sees its job as primarily one of public relations. It uses advertising, promotional literature, and speeches to put the industry's best foot forward. It does not lobby for or against legislative proposals itself, but suggests "necessary action" to members—so that they can put their own lobbies to work.

In addition, the committee works for a big vote wherever and whenever a dry election is scheduled. A year ago the committee faced the threat of a local option defeat for wets in Shreveport, La. It campaigned for a big labor vote, and succeeded in reversing the anti-alcohol tide—winning by less than 700 votes in the heaviest turnout of voters in local history.

Along with public relations and election work, the committee does some quiet policing of conditions in its industry. The more respectable the industry is, it figures, the less the industry has to fear.

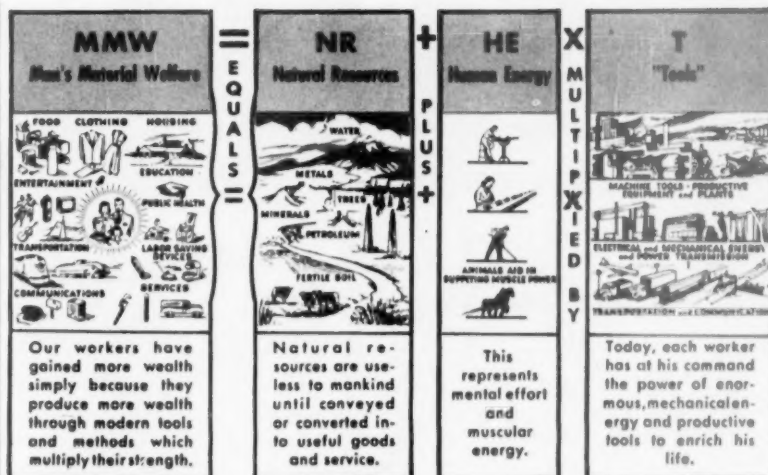
Trainmen Settle After Week's Talk

One phase of wage bargaining in the railroad industry ended with surprising speed last weekend—but contract bargaining between carriers and brotherhoods is still far from over.

The Brotherhood of Railway Trainmen and the nation's roads bargained quietly for seven days, then announced a contract in which:

- Wages will be increased 5¢ an hour; 13¢ in cost-of-living bonus payments now received by trainmen will become a permanent part of their rates.
- The c-of-l "escalator" clause incorporated in trainmen's contracts in April, 1951, will be dropped.
- Workers with 15 years or more of experience will get an additional week's vacation annually; this will extend their paid vacation to three weeks.
- **Compromise**—These provisions fall far short of what BRT originally sought—and of what other unions in the industry continued to demand: wage increases totaling 30¢ an hour or more (BW—Sep. 26 '53, p. 176).

Two things share interest with the amount of the trainmen's settlement. First, the negotiations ended successfully without government intervention—for a decade, national railroad bargaining almost invariably wound up in the White House. Second, the decision to drop c-of-l adjustments is a sign of the times—with living costs leveling off, unions are fast losing interest in c-of-l clauses.



No Money in This Equation

The chart above depicts our economic body in its simplest terms. Note that money does not enter the equation.

As the chart shows, all goods and services come into being through the using up of (1) natural resources, (2) human energy and (3) tools. These are the only things involved and money is not one of them.

Money is one of the confusing elements to many people attempting to understand the economic body. Erase the money idea and one can see immediately that only as production of goods and services increase can consumption of goods and services increase. A million dollars is worthless if there is nothing to buy.

Production per manhour can be increased only with more and better "tools" of production. Higher wages without higher output create no additional goods or services. They simply put a higher money price tag on them.

That which contributes to more productivity per manhour improves man's standard of living. Nothing else does.

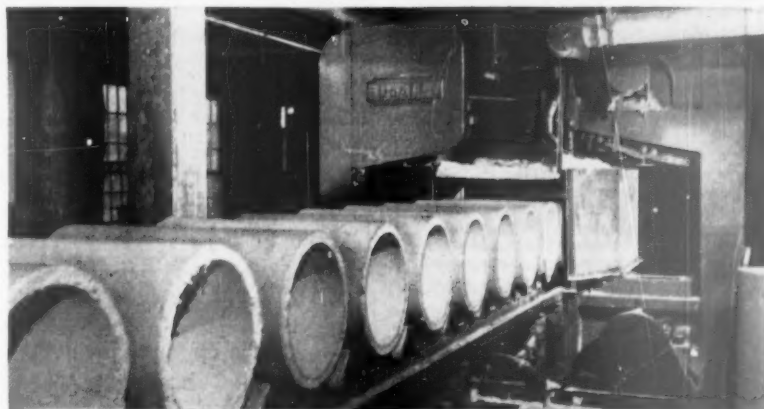
Productivity of many plants has been increased in recent years by new tools. One of them is the contour sawing machine. It can do an amazing variety of jobs such as cutting shapes, slotting, slotting, cutting-off, trimming, filing, grinding, honing, sharpening, slicing and others. It utilizes 18 different types of cutting tools—narrow steel bands having teeth of various types. It saws out entire sections, cutting a narrow slot directly to a layout line. It will cut any material.

Upon request, DoALL will give at any plant, a free demonstration of these machines as well as of precision surface grinders, gage blocks, cutting tools and other specialties.

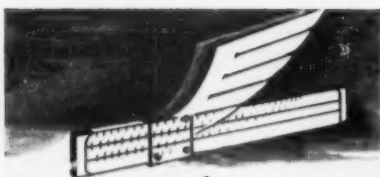
DoALL

FREE ON REQUEST for your bulletin boards: 17" x 22" wall chart "Why Living Improves in America".

THE DoALL COMPANY
Des Plaines, Illinois



AN OUTSTANDING EXAMPLE of American ingenuity in the design and use of tools to let men produce more with less effort. Here, two DoALL band saws are being used on each side of a conveyor to automatically trim the ends of magnesia insulating material.



Do you need temporary on-location engineers... *quick?*

A part of our engineering service to industry is the placement of on-location engineers for work requiring local reference material or integration with other engineering projects.

They work under your, or our, direction.

We're skilled in supplying from one to 50 men on short notice who are expert in projects ranging from electrical drafting, product development, tool designing and machine designing, to construction work where piping or electrical designers are needed.

Write, wire or phone us for any engineering requirement.

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a problem?**



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STAXON STEEL
REGISTERED
TRADE MARK

The only fibre board
DRAWER FILE
that "builds its own steel
framework as you stack it!"




• STAXON STEEL gives you easy-action drawers—quick access to records. Each corrugated fibre-board-unit is complete with factory applied steel framework for sturdy support in rear and front. Interlock side-by-side and stack to the ceiling to save space. Letter size illustrated—\$4.70 per unit, slightly higher south and west.



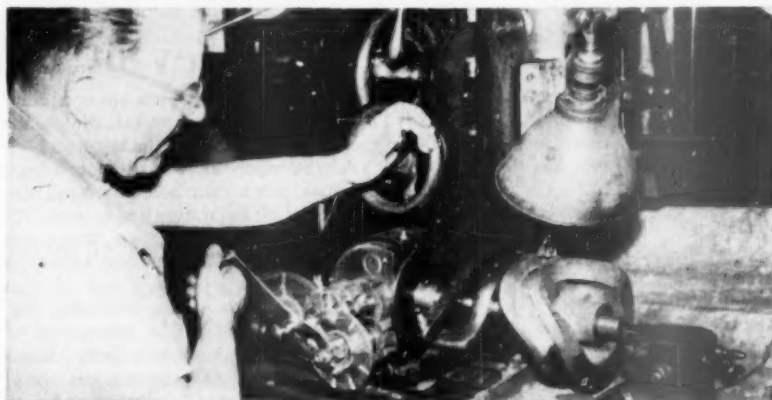
**Clip this ad to your letterhead
FOR FREE BOOKLET**

1 Tells how long to keep records
2 Shows best record storage methods...
plus name of your nearest dealer

BANKERS BOX COMPANY
720 S. Dearborn Street • Chicago 5, Ill.



THEY AGREE: IAM had no argument with Brown & Sharpe on rating for this job, so it could serve as a standard in recent tussles over rating of their jobs. For instance...



COMPANY claimed this job requires more planning, more expert layout, more difficult handling than one the union wanted raised to same bracket, while...



UNION felt this one was rated right but that another in its bracket was tougher, should be upgraded. To help settle the issues, arbitrator W. W. Waite snapped pictures.

New Tool for Arbitrators

Job evaluation disputes are tough to arbitrate. The union usually claims a certain job is in the wrong pay bracket, that it's worth more money than the other jobs in the same group. The company disagrees, thinks it's equal to some other job that both may agree is correctly rated.

Caught in this situation, arbitrator William W. Waite did an unprecedented thing: Before deciding the Brown & Sharpe Mfg. Co. disputes with International Assn. of Machinists he made a close-up photo of every job in question. He used the pictures as exhibits to back up his conclusions.

NLRB and Reds

Court ruling gets board off the hook on leftist questions but points up need to settle responsibility.

Neither the present National Labor Relations Board nor its predecessors wanted the responsibility for dealing with the red-hot problem of Communist-dominated unions. Now it looks as though a recent federal court decision gets the board off the hook.

The United States Court of Appeals for the District of Columbia gave NLRB an out when Judge David L. Bazelon ruled two weeks ago:

- NLRB can't challenge the validity of Taft-Hartley non-Communist affidavits filed with it—since only the Justice Dept. has the right to do that.

- The board cannot "impose the drastic penalty of excluding [a] union from the act's benefits because its officer had deceived the union as well as the board by filing a false affidavit."

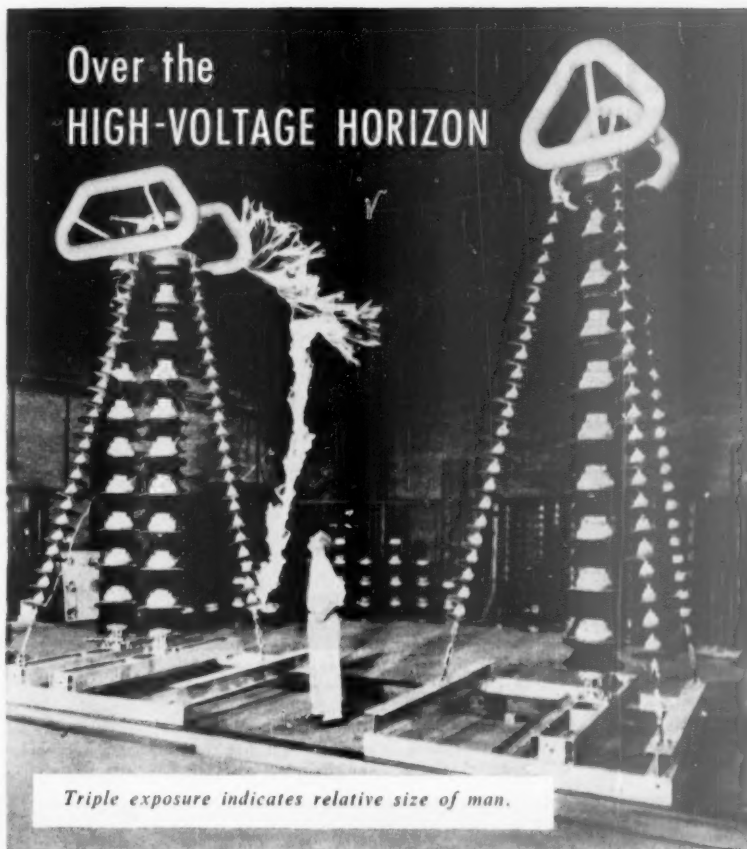
- **Need for Clarification**—This double-barreled decision upheld an injunction barring NLRB from withdrawing certifications from three leftwing unions: the United Electrical Workers, the Fur & Leather Workers, and the American Communications Assn., all ousted by CIO in 1949. NLRB had ordered officers of the three unions to reaffirm their T-H non-Communist oaths, and had threatened to end the certifications of their unions if they refused.

NLRB will appeal the decision because it wants to get a clear-cut ruling on the scope of its authority in such matters. It sees in the broad nature of the Bazelon decision a limitation on the basic pillars of its policy on leftists—a policy already shaky as a result of a previous federal court decision.

NLRB's policy now involves (1) challenging the validity of non-Communist affidavits where there is "reasonable doubt" of their truthfulness; (2) withholding board services from any union with an officer under indictment on a non-Communist oath charge; and (3) revoking NLRB certifications of unions whose officers are convicted of filing false affidavits.

Board spokesmen say that this whole policy is in danger of going by the boards if the Bazelon decision and another by District Court Judge Richmond B. Keech stand.

Judge Keech ruled that NLRB cannot withhold its services from the Fur & Leather Workers because its president, Ben Gold, is under indictment on a charge of filing a false non-Communist affidavit. The federal judge said that an indictment is hardly more than



Looking into the future...

at transmission switches being readied for tomorrow

Man-made lightning—more than a million volts—is only a part of the research activity constantly being conducted to assure better electric service tomorrow.

A peek inside the laboratory gives you some idea of what the switch of the future may look like. Here, a tremendous, blinding flash of lightning becomes a yardstick for the engineer—to help him determine insulation requirements, open switch gaps, and general design factors. Corona shielding, momentary values, and operating efforts are also gauged.

I-T-E has been delving into such fundamental electrical problems for years. Solution of many of these problems has vastly improved electric service—to industrial plants, railroads, and homes—everywhere.

I-T-E CIRCUIT BREAKER COMPANY
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circuit breakers • metal-enclosed switchgear
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electronic components • specialized metal fabrications



I-T-E CIRCUIT BREAKER CO. Philadelphia 30, Pa.

If wear is your problem BERYLLIUM COPPER MAY SOLVE IT



THE PROBLEM. Did you know that tin cans—if they are not to leak—must be accurately formed to within 1 ten-thousandth inch? Such accuracy in the product demands equal accuracy in the machine that makes it. That was the trouble with a bodymaker pro-

ducing 100 12-oz. spray cans a minute. Wear as little as .001" in any of the gibs which guided the 26 dies could cause trouble. Work would stop, headaches worsen, piled-up cans corrode. And that was what was happening: the gibs were wearing too rapidly.



THE SOLUTION. Beryllium copper was suggested, and gibs were machined from Beryleo 25 bar stock. These have now been used in the "Spru-Tainer" bodymaker twice as long as any previously used material, and there have been no shutdowns. In this case,

Beryleo's dense, less porous structure reduces friction and makes lubrication less critical. Beryleo has had the same outstanding success against wear resistance in such tough applications as bearings cages, solenoid plunger guides, machine tool parts, welding jaws.

WEAR RESISTANCE is only one of the many desirable properties of Beryleo beryllium copper. Its unique combination of strength, conductivity, elasticity, and fatigue resistance has enabled designers to convert many "impossible" jobs into standard production items. For sample material or engineering assistance, write the world's leading producer of beryllium copper, **THE BERYLLIUM CORPORATION**, Dept. 20, Reading 3L, Pa.

Tomorrow's products are planned today—with Beryleo beryllium copper

a "dignified suspicion," and that withdrawing services from a union under such circumstances could cause unwarranted and irreparable harm.

The Keetch decision is also being appealed by NLRB. At best, it will be months before the two cases can be finally cleared up in the Supreme Court. In the interim, the board's hands will be tied on the leftwing-union problem.

• **Up to Congress**—Under the circumstances, Congress may find pressure for legislation mounting in the months ahead. But NLRB doesn't want the responsibility. Two years ago, NLRB urged the creation of a separate agency to probe T-H affidavits, testifying before a special legislative committee that such a plan would be the cleanest, most efficient way of handling the problem of leftists in a union. Such a proposal is being talked of again in the board.

The alternative is an amendment of the Taft-Hartley act to clarify and broaden NLRB's authority to deal with leftwing unions.

LABOR BRIEFS

Political oratory won over slide rule calculations when the Minneapolis Federation of Honeywell Engineers elected a president last week. Joseph Prifrel won the \$10,000-a-year job as head of the new independent union, defeating four candidates screened and recommended under a novel job-analysis technique (BW—Nov. 21 '53, p. 178). Prifrel was nominated from the floor.

Opposition to outright repeal of the Taft-Hartley act is expressed by the Independent Steelworkers Union at Weirton Steel Co., Pittsburgh. The union—which says it expresses the views of most of the 44-million workers who don't belong to big unions—says it opposes any return to "improper advantages" given big internationals under the former Wagner act, favored by AFL and CIO.

A union-shop suit by 15 employees against the Atcheson, Topeka & Santa Fe is now set for mid-January—when an Amarillo (Tex.) court will study pleas to enjoin the road signing a contract clause compelling union membership (BW—Nov. 14 '53, p. 180). . . . In a similar suit, 16 railway unions last week asked a North Carolina court to dismiss a Southern Railway employee's suit to void Southern's union-shop contracts. An injunction has barred discharges for nonmembership in rail unions in North Carolina since last May.



Big licks for sugar!

Read how banks have helped the sugar industry satisfy America's sweet tooth

Like every other major American industry, sugar needs the help of many outside agencies to put its product in the consumer's hands.

Among the most important are bankers, and here's why.

Sweet money

Short-term bank loans (one of industry's most convenient financial tools) back the sugar business through every step of planting, growing, processing, transporting, storing, refining and distributing.

Here's how bankers help.

Bank loans frequently help sugar cane and beet growers put in their crops and meet the heavy harvest payroll. Bankers are called upon for loans during the short processing seasons. They also provide quick cash for transporting raw cane sugar to refineries.

But the bankers don't stop there.

Wherever sugar goes, a bank loan is likely to follow. Wholesale distributors of bulk sugar rely on bank loans, and candy makers, bakers, and many others need banks at one time or another for stocking sugar and merchandising sugar products.

How you help

Believe it or not, you are an important person in all these sugar loans. Specifically, it's your money—the

money you invest or deposit in your bank that builds up a kitty big enough to help American industry when it wants ready cash on short-term conditions.

When banks put your money to work everyone benefits. Putting money to work provides jobs for men and women, thereby helping to stabilize the whole economy and maintain the standard of living for all.

So much for bankers and sugar, except to say that apropos of the candy cane above, the Chase National Bank wishes everyone a very Merry Christmas!

The CHASE National Bank
OF THE CITY OF NEW YORK

(Member Federal Deposit Insurance Corporation)



you save
16 seconds every time
you press a
button

**BUSINESSES
SAVE HOURS
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THIS TIME-STUDY SAVES YOU MONEY!

your business needs

AMPICALL
ELECTRONIC
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Actual time studies taken in hundreds of businesses show that an average of 16 seconds is required to make an "inside" speech contact through the switchboard. With AMPICALL—your own "clear line" internal communication system—you get 2-second speech contact within and between departments. AMPICALL frees busy switchboards for important outside calls—keeps personnel on the job, keeps talk terse—saves hours each day for any business. AMPICALL saves you money—pays for itself. There is a system to fit your special needs. Get the full facts today!

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For your nearest AMPICALL installation, look under "intercommunication" in your classified phone directory—or write direct for full information.

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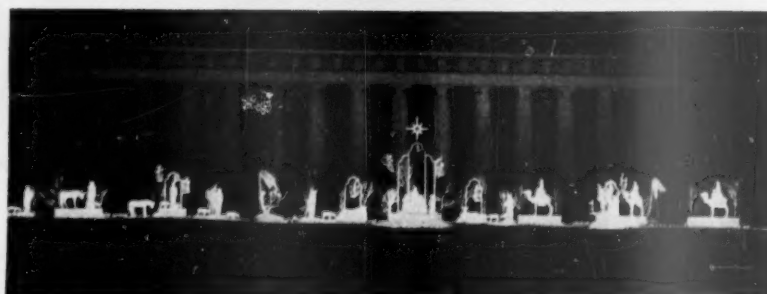
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LOCAL BUSINESS



Nativity Display

NASHVILLE—Centennial Park is the site of what is said to be the largest setting of the Nativity ever built. The 250-ft. tableau cost \$20,000, was built by Sylvestri Art Mfg. Co., Chicago, and was presented to the city by Fred Harvey, president of Harvey's department store here.

The city has set up the display beside a full-scale replica of the Greek Parthenon—a permanent feature of the park that has nothing to do with Harvey's gift except to serve as a backdrop for it.

The tableau's plaster figures of the Holy Family, wise men, shepherds, and animals are covered with rubber and plastic to protect them against the weather; at night the display is lighted by 350 spotlights (picture).

Harvey's will store the display during the year, and Fred Harvey plans to add to it each Christmas. Although the gift to the city came from Harvey personally and not from the store, the attention attracted by the gift has certainly not done the store any harm.

Elite Bar and Grill

CHICAGO—Have you ever had a yen to own a saloon? A lot of businessmen probably have, at one time or another. Well, a group of 16 top-level Chicago and New York business and professional men have gone ahead and done it here.

Called "The Gaslight," the place embodies all the ideas of the group as to how a saloon should really be run. Decor is that of the 1890s, even to the painting of the lush reclining nude behind the bar. Only quality beverages are served: Three imported beers are on draft, and the bar liquors are Beam's Pin-Bottle bourbon, Chivas Regal Scotch, and House of Lords gin. Sandwiches cost a nickel apiece, and that only because Illinois law forbids bars to give away food.

The owners themselves take turns working as hosts. So far, they've all kept their identities secret except the

instigator of the idea, Burton Browne, Chicago advertising executive.

Admission is by key only, and keys are distributed, very discreetly, only to people approved by the 16 owners.

Bum's Rush

HOUSTON—The early part of the Christmas season was not entirely happy for Houston merchants. One of the worst headaches was a record rash of holdups, burglaries, and shoplifting. Storekeepers put the heat on the city—and the city came up with a solution.

On Dec. 9, the city's entire police force went on a 48-hour week. (Their normal work week is 40 hours, and the city's overtime bill for the month will come to \$40,000.) In addition, the city put 50 rookie police to work ahead of schedule, and put more than 100 auxiliary policemen on regular duty.

At the same time, the force cracked down on the city's underworld. All known vagrants, hoodlums, loiterers, and other police characters were picked up on sight. Unless they could prove they were gainfully employed, they were hustled off to the county prison farm for a short course in agriculture.

Eating Money

FRANKFORT—When the next Kentucky legislature meets here Jan. 5, labor unions will make a bid to have the state's ancient garnishment law amended. They would like to have at least the first \$200 a month of a man's wage exempted from attachment.

Up until 1910, no cash exemptions at all were allowed. And labor considered it had won a great victory in that year when a \$67.50-a-month exemption for a man with a family was written into the law. Single men were given no exemption. The law, which has not been changed since 1910, also exempts "two work beasts, or one work beast and one yoke of oxen," two cows, one loom, one spinning wheel, bedding, and some other household items.

Directors of the Kentucky C of C favor retaining present exemptions.



Executive at work...with "Do-It-Yourself" Aluminum!

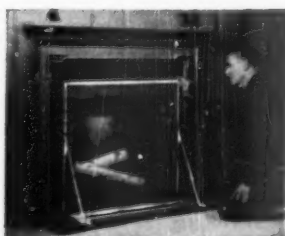
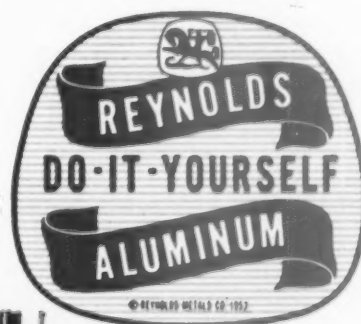
Here's another sensational Reynolds "first"!

You know that easy-to-handle aluminum is a great factor in America's big do-it-yourself boom. Millions of homeowners put up their own Reynolds Lifetime Aluminum Gutters...put in their own Reynolds Reflective Insulation...and paint whatever needs bright protection with Liquid Aluminum.

But this is entirely new...a *special kind of aluminum* that you can saw, drill, plane, shape and join with just the *woodworking* tools you have in your workshop. Make your own storm windows and screens...or a mail box, spice rack, end tables, fishing net, kick plates. It's easy!

Reynolds *Do-It-Yourself* Aluminum comes in plain and embossed sheets, tubes, bars, angles, screen and storm window sections...with window hardware, handy fasteners and Reynolon plastic sheet. See it at hardware or building supply dealers. And let it emphasize that there is no limit to progress through aluminum...with Reynolds the pioneer in this progress!

Reynolds Metals Company, General Sales Office, Louisville 1, Ky.



Want a handsome, modern fireplace screen? The answer is Do-It-Yourself...with Reynolds Aluminum!



Porch railings, decorative grills... make up your own projects with Reynolds Do-It-Yourself Aluminum.



Look for Reynolds Do-It-Yourself Aluminum in this handy, self-service rack...at hardware and lumber supply dealers.

SEE "MISTER PEEPERS," starring Wally Cox, Sundays, NBC-TV Network.

How Many Accounts Can



Your Salesmen Handle?

Actually, the question is full of variables. To find the answer, start by deducting weekends and holidays . . . plus time spent traveling, waiting for interviews and doing office work. Then make allowance for the average of three persons per plant who must be "sold", and for the number of contacts per company per year.

When you have the answer you'll realize why the average industrial sales call costs \$16.31. No salesman should be expected to spend valuable time "bird-dogging" for prospects when you can contact thousands of them in the business publications they read for help with their jobs, at pennies per call.

Use Business Publication Advertising as a sales tool to increase the salesman's calling power. Just as high speed machines cut manufacturing costs, business paper advertising cuts sales costs. It "mechanizes" the first three steps of a sale and lets the salesman concentrate his valuable time and talent on the important job of making the proposal and closing the order.

Ask your McGraw-Hill man for our 8-page leaflet, "How Many Accounts Can Your Salesmen Handle?" Also about our new sound-slide film . . . "Plateau of Progress" which is available for showing at sales and management meetings.



McGraw-Hill Publishing Company, Inc.



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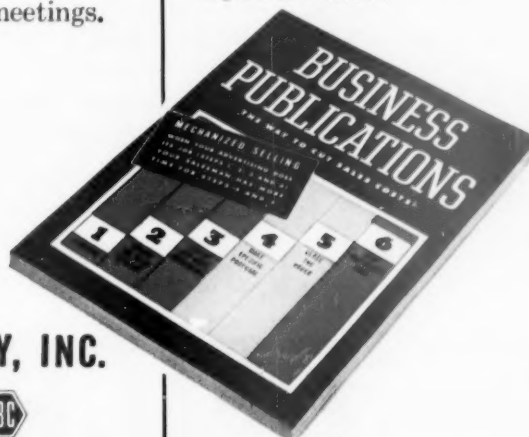
HEADQUARTERS FOR BUSINESS INFORMATION

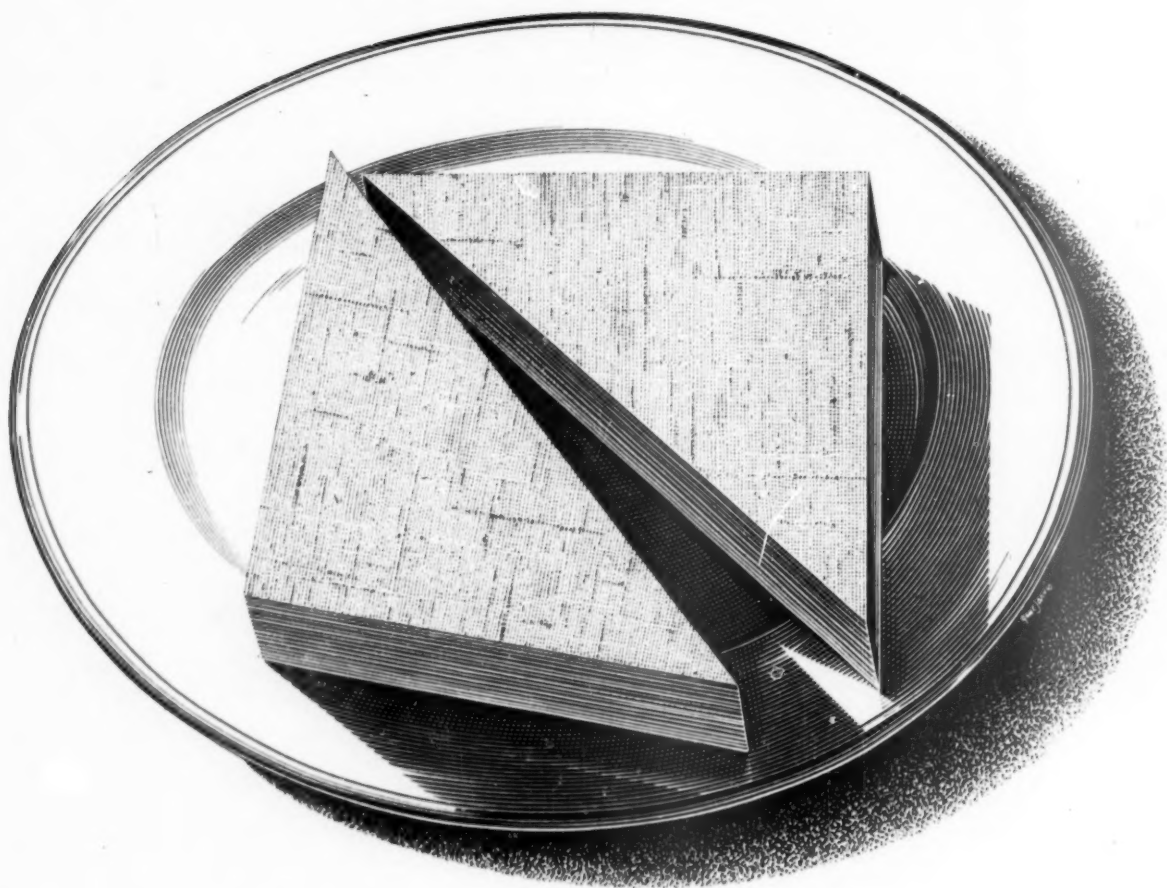
HOW "MECHANIZED SELLING" HELPED INCREASE SALES OVER 500%

When Hercules Powder Company introduced toxaphene—a basic material for agricultural dusts and sprays—an intensive advertising program with two objectives was initiated. Advertisements were run in a selected group of business publications to encourage insecticide manufacturers to use toxaphene in their formulations. Advertisements in farm publications created an awareness of toxaphene's values among farmers. This two-fold campaign was supplemented by billboard, newspaper, and radio advertising.



RESULTS: Annual sales of toxaphene-based insecticides jumped from 30 million pounds to over 150 million pounds in three years. Toxaphene is now being used in nearly all formulations of agricultural organic insecticides.





Ever see a Plastic "Sandwich"?

The chances are you have, for plastic laminates — plain and patterned — are used extensively today in both homes and business establishments. You'll find them in table, desk and counter tops, walls, wainscots, wash rooms, elevators. They're not harmed by boiling water, alcohol, cleaning acids or alkalies . . . wipe clean with a damp cloth . . . keep their good looks indefinitely.

How are these plastic "sandwiches" made? Merely by impregnating layers of paper with synthetic resins and fusing these layers into a smooth, hard single sheet under intense heat and pressure. We don't make plastic laminates, but we're proud to be a major supplier of resins to the people who do.

REICHHOLD CHEMICALS, INC.
630 Fifth Avenue, New York 20, N. Y.

Creative Chemistry . . .

*Your Partner
in Progress*

REICHHOLD



PERSONAL BUSINESS

BUSINESS WEEK

DEC. 26, 1953



The chances of your suffering a loss of hearing—at least to some degree—are growing all the time. During the next 40 years, the number of hard-of-hearing people in the U.S. will increase about 80%.

That sounds more alarming than it is. The main reason for it is growing life expectancy; people are living longer, and deafness tends to increase with age.

But deafness has been reduced to only a minor physical handicap. It is the only such handicap that, thanks to the hearing aid, can be “cured” in 98% of all cases.

Why, then, do there seem to be so many deaf people? Mainly, it's because they don't like the “cure.” Pride and vanity make them hesitate to wear a hearing aid; they would rather pretend they can hear well even though their friends feel constrained to shout.

That's faulty reasoning, of course. It diminishes their own effectiveness, because it tends to shut them off from the world—both in their jobs and socially. Other people know at once they are hard of hearing. Thus they avoid all but essential conversation.

If you need a hearing aid, swallow your pride and use one, doctors will tell you. Poor hearing is no more abnormal than poor eyesight; wearing a hearing aid is no more shameful than wearing glasses. It will make life easier for yourself and for those around you.

Note that hearing aids are a lot less conspicuous than they used to be. During the last 10 years, they have shrunk in size and weight by one-third. And—according to the American Hearing Aid Assn.—they have increased 300% in efficiency.

Both developments have been due to: (1) the printed circuit, which takes the place of wires; and (2) the transistor, which replaces vacuum tubes and runs on almost no current.

The transistor aid costs more than the vacuum-tube type. But it is smaller, is said to be more efficient, and costs less to operate (\$5 a year as against about \$50 for the vacuum-tube aid). The original cost of a good hearing aid—considering both types—runs between \$175 and \$200.

How can you tell if you actually need a hearing aid? Only an expert knows both the amount and the type of hearing loss you have suffered.

But here's a way to get a clue as to whether your hearing is normal:

- Do people seem to be mumbling or slurring their words?
- Do you hear better in noisy places than quiet ones?
- Are you bothered by head noises or ringing in the ears?
- Do harsh, loud noises seem actually painful?
- Do you seem to hear better with one ear than the other?
- Do you scowl while straining to hear what people are saying?
- Do you have trouble hearing while attending church or the movies?

You may have a hearing loss if you answer “yes” to one of these questions. If you answer “yes” to more than one, your hearing is probably impaired. In either case, you should consult a doctor.

PERSONAL BUSINESS (Continued)

BUSINESS WEEK
DEC. 26, 1953

Most accurate hearing test is made with an audiometer. This instrument measures how much hearing is lost at different tone levels.

It's a good idea to check up on the hearing of your children. At least 2-million school-age children (five to 17 years) have impaired hearing. If discovered early enough, between 50% and 60% of these impairments can be cured or arrested.

Telltale signs you should watch for in children: inattentiveness, awkward listening postures, excessive fatigue, school difficulties, voice peculiarities. If any of these show up, have a doctor test his hearing.

If you're taking up pipe-smoking, you'll enjoy it a lot more if you take proper care of your pipes. In the main, that means keeping them clean.

Morris L. Levinson, president of Kaywoodie, says most smokers don't go far enough in their cleaning job.

To be thorough, don't stop at running pipe cleaners through the stem and bore into the bowl. In addition, scrape off some of the cake left in the bowl by burned tobacco. Remove all but a thin film of carbon.

You can sweeten a pipe that has soured from lack of cleaning. Saturate a cleaner with a liquid commercial sweetener or alcohol, run it through the stem and bore. This will dissolve sediment.

Soak a toothbrush in the sweetener and scrub the bowl with it. Don't smoke the pipe until the next day. And leave a dry pipe cleaner in it to absorb moisture.

Remember these important warnings, too:

- Never wash your pipe in water of any kind.
- Don't tap the bowl on a hard surface; hit it against the palm of your hand to remove tobacco.
- Don't force the pipe when taking it apart or reassembling it. If joints of pipes are stiff, rub them with a soft lead pencil.

It's a good idea to check the glove compartment of your car to make sure it hasn't become a catchall. Using it to carry important items may save you headaches. Some suggestions:

Papers should include a city map, state map, list of car insurance policies and agents to call, memo pad and pencil. Limit tools to a screwdriver, pliers, a flashlight; be sure you have dark glasses and a small packet of cleansing tissues. It's wise, too, to carry a first-aid kit.

Revelations of how widespread charity rackets have become emphasize the need for executives to be extra cautious in their giving (BW—May 30 '53, p143). To check on national "charities," contact either the National Information Bureau, Inc., 205 E. 42nd St., New York 17; or National Better Business Bureau, Chrysler Bldg., New York.

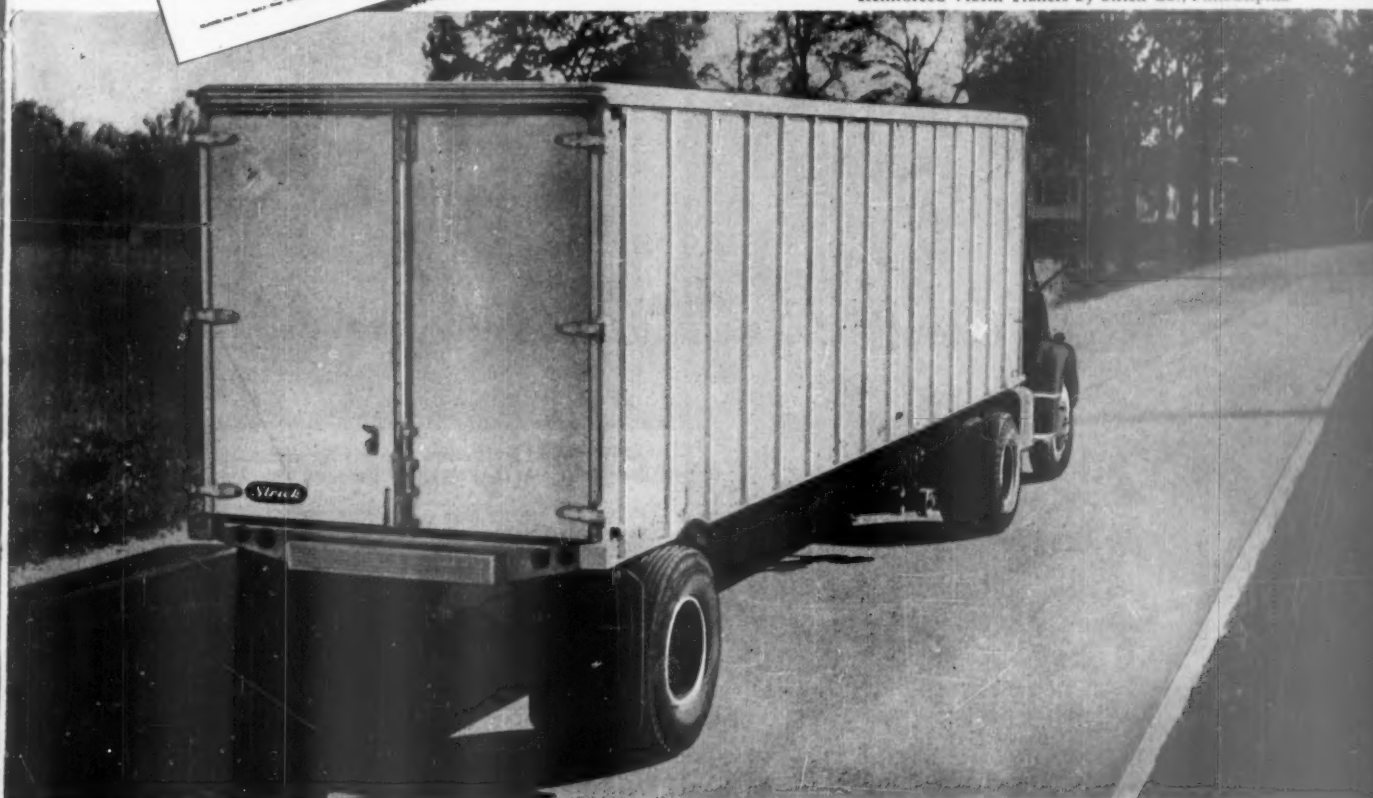
On local charities, try your Community Chest, the council of social agencies, or your chamber of commerce. Never give on the basis of a telephone solicitation from a stranger—especially if he calls himself a rabbi, priest, minister, or judge. And don't accept unordered merchandise.



and now...Vibrin

Plastic Trailers!

Reinforced Vibrin Trailers by Strick Co., Philadelphia



Less than two years ago, Naugatuck first announced a dent-proof, rust-proof car body of Vibrin polyester and glass fibers. Now this amazing reinforced plastic is being used to construct heavy-duty truck trailers!

Strong yet light! Riveted to a light metal skeleton, Vibrin glass-fiber panels are unharmed by severe impacts of loading, unloading, and road shock. They won't warp, shrink, or lose their fit. They eliminate heat-leaking joints in refrigerated trailers. And they save up to 1000 lbs. in weight!

Extremely corrosion-resistant! Vibrin trailer bodies can't rust—won't rot, become contaminated, or swell, even under steam cleaning.

Translucent, too! Unpigmented roof panels allow enough

light to read shipping labels—make loading and unloading far easier!

No wonder more and more manufacturers everywhere are swinging to Vibrin. In boat hulls, auto bodies, machine housings, structural paneling, and many other applications, it's leading the way to newer, finer, more efficient products.

Why not reinforced Vibrin® for milk and ice cream carriers, box car interiors, house trailers, storage refrigerators—wherever corrosion or leakage poses a problem? See how this singularly strong, light, and corrosion-resistant plastic material can put you on the road to profits.

For further information write on your letterhead to the address below.



Naugatuck Chemical

Division of United States Rubber Company

512 ELM STREET, NAUGATUCK, CONNECTICUT

BRANCHES: Akron • Boston • Charlotte • Chicago • Los Angeles • Memphis • New York • Philadelphia • IN CANADA: Naugatuck Chemicals, Elmira, Ontario

MARKETING



EVERY DAY Ligan A. Warren, president of Safeway Stores, goes to the map room in his Oakland (Calif.) headquarters to talk real estate. Here he points out details on a large-scale relief map of hilly San Francisco during talk of new store site.

90



MAP ROOM is a treasury of 500 large-scale maps, some as big as 7 ft. by 10 ft. At left, Milton L. Selby, secretary-treasurer; president



CLOSE-UP MAP brings the committee (from left: Burroughs, Warren, and Selby) down to street-by-street detail of each proposed store's selling

Putting Safeway

BUSINESS WEEK • Dec. 26, 1953



Warren; G. T. Burroughs, manager of real estate affairs, wait while map is brought out.



COMMITTEE—Selby, Warren, and Burroughs—studies the whole marketing area involved in selection of a store site.



territory. One of Burroughs' staff uses a pointer to illustrate the report of a market survey.

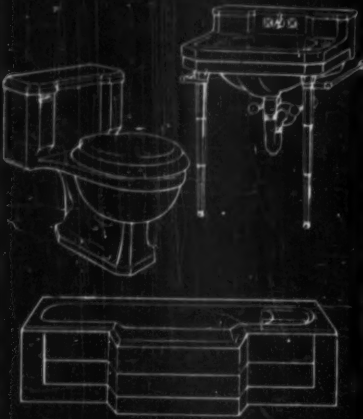


RELIEF MAPS are being used experimentally. Safeway has found that unusual topography can lay booby traps in choice of store sites.

in the Right Places

(Story continues on page 92)

Plumbing fixtures
for every home, commercial
and institutional use



EAST IRON • FORMED STEEL • VITREOUS CHINA • BRASS

ELJER


A subsidiary of the MURRAY Corporation of America

MIT

Massachusetts Investors Trust

**DECLARES ITS
117th Consecutive Dividend**

The Trustees have declared a quarterly dividend of 27 cents a share, payable December 24, 1953 to shareholders of record at the close of business December 4, 1953. This dividend is entirely paid out of dividends and interest received by the Trust on its investments.



ROBERT W. LADD, Secretary
200 Berkeley Street, Boston

**DELEGATE
YOUR
WOES**

Give us those requiring special fibre-chemical materials.

Write Dept. 8.

ROGERS CORPORATION
GOODYEAR, CONNECTICUT



BINDER of statistics and photos tells secrets of each of 2,050 stores in the Safeway chain. Warren, flanked by Burroughs and Selby, studies one store's record.

How Safeway Adds New Links

(Story starts on page 90)

When Ligan A. Warren, president of Safeway Stores (cover), observes his daily ritual of meeting with his real estate committee (pictures, pages 90-91), he's simply practicing the preachments of a fabled advertising character named Obvious Adams.

Obvious Adams made his first appearance in 1916 in a Saturday Evening Post short story by Robert R. Updegraff. In the story, the Monarch Hat Co. had two retail stores in the same city. One was doing a whale of a business; the other was no good. Obvious Adams was sent to the spot to find out what was wrong.

Obvious stood on the sidewalk, counted noses of people passing in front of the bad performer. It was a corner store, right on the main street. And he found the trouble: Heavy pedestrian traffic on the side of the walk nearest the store was going toward the intersection, with an eye fixed on the crossing ahead. Passers-by in the other direction were on the outside of the sidewalk; they had to look over the heads of other people to see the store. In short, everyone went by without seeing the store. It was in the wrong place.

• **Importance of Location**—Plenty of people since Adams' day have observed—some the hard way—the importance of putting your store in the right

place. In one of its monographs, the Temporary National Economic Committee cited cases where stores had folded because they were in the wrong location.

Location can be a matter of life and death to the small store. But it's vital to the big chains, too. When you're getting by—as Safeway does—on a one cent profit on a dollar of sales you can't throw money away, even if your total sales come—as Safeway's will this year—to close to \$1.8-billion.

Today, with great waves of population surging to the suburbs and people trekking westward, location is a tricky business. No one in the huge network of businesses and sub-businesses that make up the big Safeway chain understands this better than the quiet-spoken, Virginia-born ex-lumber salesman who is its head.

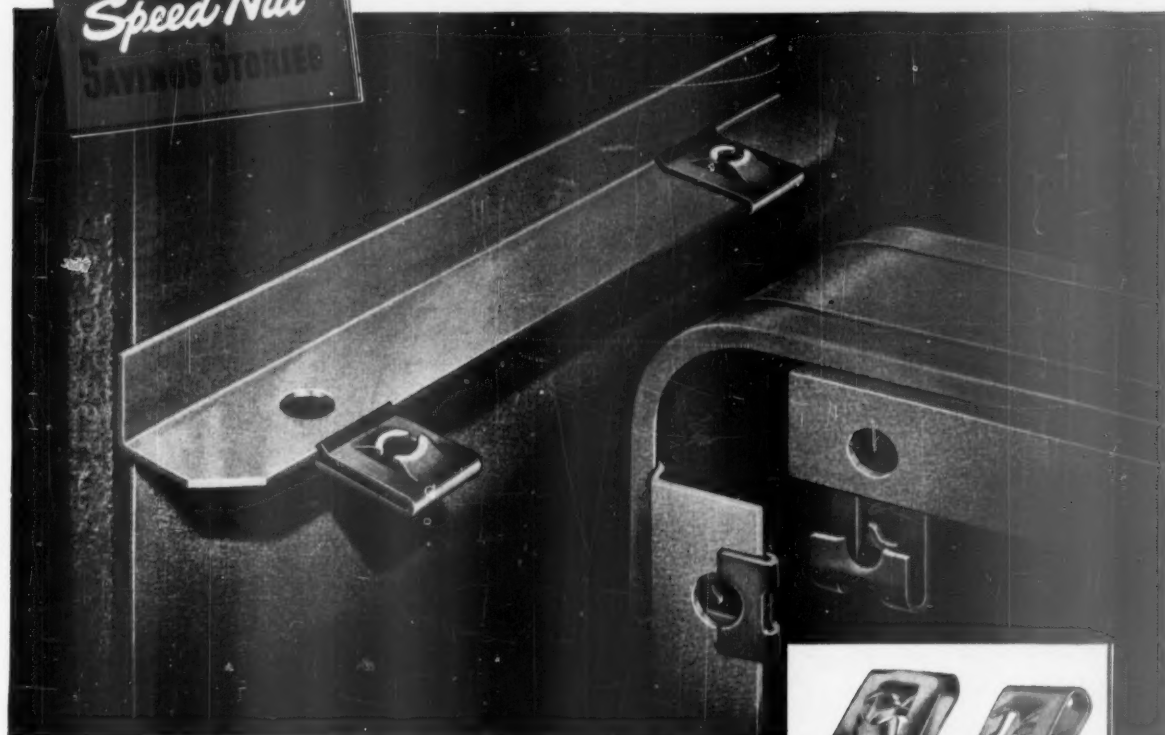
That's why every morning in his Oakland (Calif.) headquarters Ligan Warren knocks off whatever he is doing, walks down two floors for a session with his real estate committee.

• **Buildings & Grounds**—The meeting is held in the map room of Continental Properties Co., one of the 35 service divisions that work backstage to help make Safeway the third biggest retailer in the country, second only to A&P in food retailing.

Generally, Continental Properties is

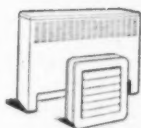
Speed Nut
SAVINGS STORIES

FASTEST THING IN FASTENINGS®



SPEED NUTS Saved 6,144 Assembly Hours, Thousands of Production Dollars

Reports the Trane Co., LaCrosse, Wisconsin



"Every time we use a SPEED NUT, we save 14 seconds in production time", say Trane engineers. In one year, this leading manufacturer of air conditioning, heating and ventilating equipment netted 6,144 extra assembly hours, plus amazing savings in materials and materials handling. Misalignment of ventilator weld nuts and mounting holes slowed production continuously. Replacing them with "U" type SPEED NUTS, which snap in place by hand and provide floating alignment, ended this bottleneck. Costly installation of convactor heater coil headers was overcome with "J" type SPEED NUTS. Snapped directly on frame members, they eliminated eight cast iron drilled and tapped ears and two welded support brackets. SPEED NUTS, applied after painting, eliminated masking or retapping of threads—licked rust problems.

Call in your Tinnerman representative for a FREE fastening analysis of your product . . . he may find comparable savings for you through greater fastening efficiency.



"U" TYPE

"J" TYPE

SPEED NUTS®

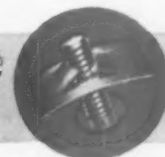
are one-piece, self-locking, spring steel fasteners. Snap over panel edges or center hole locations . . . self retained in screw-receiving position for easier, faster assembly in "blind" locations. Available for a full range of screw sizes and panel thicknesses.

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Speed Nuts®



MORE THAN 8000 SHAPES AND SIZES



Model 12 Urban Panel Delivery body using Armorply. Made by Montpelier Manufacturing Co., Montpelier, Ohio.

Truck Body Maker Cuts Costs With Armorply

Armorply*, unique metal clad plywood, proves more sturdy, easier to fabricate.

The Montpelier Manufacturing Company of Ohio specializes in the manufacture of bodies for urban type delivery trucks. They believe that because of constant usage doors are the key-stone of motor truck body building. Here's what Mr. H. A. Schwartz, president of Montpelier, has to say about Armorply: "We make many types of truck doors. They are all hand-fashioned and carefully fitted to the frames. Our doors are more serviceable as well as decorative. Because of the extra effort we put into these doors we must use materials that economically serve the purpose. We find that stock size Armorply meets these needs. Because of the ease with which it can be fabricated Armorply is a prime factor in lower over-all costs."

WHAT IS ARMORPLY? It's Weldwood plywood or other core material in a variety of thicknesses to which metal has been permanently bonded on either or both sides. It has the advantage of being light in weight and easy to fabricate. This combined with the wear resistant qualities of metal makes Armorply especially suitable for many applications. *Forming Grade Armorply can be shaped.*

USES OF ARMORPLY. Manufacturers are enjoying savings by using Armorply in many ways: for truck bodies and floors, for pallets, walk-in and reach-in freezers and cold rooms (it's vermin-proof and easier to clean), elevator cabs, tote boxes, counter tops, pilfer-proof storerooms, lead-faced X-ray rooms and a host of other applications.

WHAT'S YOUR PROBLEM? Want to cut costs and speed production? Then contact the Armorply Division of the United States Plywood Corporation, or mail coupon.

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BW-12-26-53

FREE: Please send me free sample of Armorply and descriptive literature. ☐

Please have a salesman call with full details. ☐

Name.....

Address.....

City..... State.....

looked upon as Safeway's real estate department, though actually its duties reach much further than this term implies. Manager of Continental is G. T. Burroughs. With Warren and Milton L. Selby, Safeway's secretary-treasurer, he makes up Safeway's real estate committee.

• **Always Details**—The conclave, back-stopped by Burroughs' staff of specialists, weighs all sorts of questions. It deals with such minutiae as whether to install a sprinkling system in a Satchewan store, or whether to enlarge a parking space in Oakland.

Warren, who appears to have a finger in every pie of Safeway's baking, has the answers. A question comes up whether to drop a store that is cramped for parking space. Says Warren: "Hang on a little longer. I think that fellow who owns the motel behind us is about ready to give up."

• **Top Secret**—The committee has bigger work to do, too. Probably its most important job is to weigh the pros and cons of putting up a new store in a certain spot. When you consider that Safeway has built 1,150 stores since the late '30s, and that its current program runs to about 100 new ones a year plus about 100 modernizations, the magnitude of this job is apparent.

That's why the map room is one of the holiest of holies in Safeway Stores. Outsiders have been inside of it, but it was only last week that the company lifted a corner of the curtain for the first time for a publication—BUSINESS WEEK.

In the room are detailed records about the physical and performance aspects of every one of the 2,050 self-service stores that make up the Safeway chain. There's a library of 500 large-scale maps, some measuring 7 ft. x 10 ft. The bulk of these maps are made to Safeway's specifications by Sanborn Map Co., New York, though Rand McNally & Co., and two local concerns, California Graphics and Pilcher Graphics, have also contributed.

The maps tell Safeway's real estate committee most of the vital data that go into a decision on where to put up a new store or whether to scrap an old one. They show what the population of each area is, and whether it's growing or shrinking. They tell how much an area is industrialized, what and where the stores are, how traffic flows.

• **Fact-Finding**—Of course, the committee just doesn't come in, look at the map, and say, "We'll do it." Plenty of spadework is done before the committee meets.

Primary responsibility for digging up new sites rests jointly with Continental Properties and the 28 zone managers who handle Safeway's distribution divisions.

Continental's part—in the initial



How good a buy is a bargain?

Valves are no exception in "bargains" offered every day. Maybe you could afford to buy such valves—if you didn't look beyond the price tag . . . didn't care about quality . . . didn't figure their real cost.

But you're aware of current maintenance labor rates. You know the labor part of piping installations has grown bigger and bigger . . . that valve repairs aren't the small jobs they used to be. So you want greater assurance of dependability—not fictitious savings in price.

Buying with an eye to real value marks today's thrifty buyer. That's why he prefers traditionally dependable Crane quality. He knows it means longer life, greater freedom from trouble . . . and that Crane puts such quality into piping equipment for every need.

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VALVES • FITTINGS • PIPE • PLUMBING • HEATING

BRAIN SURGEONS...

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Guided missiles are, fundamentally, planes without pilots...officially referred to as "pilot-less" aircraft. But, *something* must take the place of the human element to make the missile work...to fulfill its mission.

The problem of developing that "something"...a replacement for the pilot...is a challenging assignment for highly trained scientists and engineers such as the "brain surgeons" of Bell Aircraft's large and diversified electronics and servomechanisms departments.

Complex electronics systems are the "brains" of a missile. Servomechanisms provide the "muscles." Development of successful "brain-muscle" systems is typical of the advances made by Bell Aircraft engineers for our armed forces.

Bell's electronics and servomechanisms programs also include design and production of various types of radar, proportional control equipment, telemetering systems, automatic landing devices and several different types of auto-pilots.

Thorough research, advanced engineering and sound production which distinguish Bell products will provide major contributions to transportation, commerce, industry...and the future defense of our nation.



Buffalo, N. Y. Fort Worth, Texas

Engineers interested in career opportunities—write Engineering Personnel Dept., Buffalo.

"...do you use a car? How much of your shopping do you do at one store?..."

SAFeway starts on p. 90

stages—is to keep an ever-watchful eye on those maps. Its staff of experts is always at them, bringing them up to date, noting changes in construction, rises or drops in population. It checks these data with Safeway's business volume in the area.

Meanwhile, zone managers keep watch at the grass-roots end of the operation. They, too, watch where the people in their retail area are going—or coming—and how the traffic is moving.

• **Picking a Spot**—Maybe it's the zone manager who first spots a bright potential site; maybe it's Burroughs' analysts. Whoever finds it, Continental calls in another Safeway service division, Oxford Business Surveys, to carry on from there.

Oxford Business Surveys rolls out a battery of tools. Gerald Brown, who manages Oxford's staff of economists, statisticians, analysts, and pollsters, ships a task force to the area in question. They quiz the customers of stores already in the neighborhood, ask them questions like this: How far do you travel to buy groceries? Do you use a car? How much of your shopping do you do at one store?

This gives them a gauge to test the market. Then they cuddle up a little closer to the neighborhood by home interviews. They probe into family income, weekly food expenditure, and the like. They carry the same interviews into population blocks radiating a quarter of a mile, three-eighths of a mile, half a mile, and so on, from the proposed site. They compare these results with the control surveys, come up with a weekly sales potential that rarely misses the target by more than 10%.

• **Acting on It**—Once Brown's analysis is completed, he sends the full report back to Continental Properties. Continental puts the finishing touches on the survey for the daily meeting.

The committee looks at the report on the "location potential." Then it calls for the maps, sometimes one of the giant maps, sometimes a smaller-scale one. On occasion, they turn to the big relief maps Safeway has experimented with.

To a visitor, the committee discussion might seem perfunctory. "Which way would the store face?" asks a member. Or, "How many parking spaces would be available?" Actually, there's nothing perfunctory about it. The spadework is so thorough that the committee can usually tell by glancing at



Made in
1953

Made in
1894

"Who made those, mister?"

"The same company, sonny. The one on the right is the first telephone Stromberg-Carlson ever made—'way back when your grand-daddy was no bigger than you. The one on the left is like the anniversary 'phone given to President Eisenhower. *That's* quite a story . . ."

Somewhere in the United States, this month, the 50-millionth telephone has been put into service. In celebration of this achievement, the telephone industry is presenting to President Eisenhower a special commemorative 'phone.

Who made those fifty million telephones?

Millions of them are the products of firms like Stromberg-Carlson, suppliers to the 5300 *independent* telephone companies which serve the urban and rural areas of the United States. Geographically, these independent telephone firms provide communication for two-thirds of our country!

Some of these companies serve as few as 25 subscribers; others over 200,000. But the loyalty

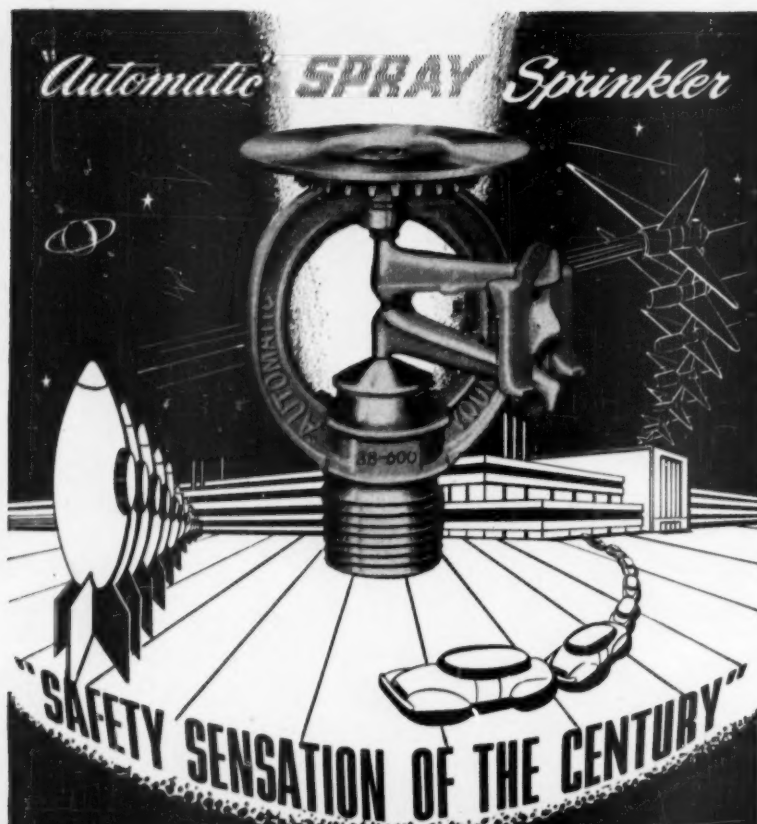
and progressiveness of their service are not limited by size. Witness the fact that many of the smallest use Stromberg-Carlson XY Dial Systems, as modern as any in the largest metropolis.

We are proud to have been a pioneer and leader in this communication industry (for more than fifty years) and especially proud to be a major supplier to the independent telephone companies. Like thousands of other "small" businesses, they form the true backbone of American progress.



There is nothing finer than a

Stromberg-Carlson® Rochester 3, New York



INSURANCE UNDERWRITER:
Comparative fire test procedures prove the superiority of "Automatic" SPRAY Sprinklers.



PLANT SUPERINTENDENT:
We replaced obsolete heads with the new "Automatic" SPRAY Sprinklers without costly piping changes.

Latest product of creative "Automatic" Sprinkler fire protection design is the new SPRAY sprinkler—universally acclaimed as the greatest fire safety advancement of the century. This improved type of fire fighter means far greater effectiveness of sprinkler protection in all types of properties. And, with insurance underwriter scheduling of wider head spacing, a significant decrease in the cost of fire protection is possible.

Clip and mail the coupon below for full details on advanced methods of saving lives, property and money with "Automatic" SPRAY Sprinklers.



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Installation savings with "Automatic" SPRAY Sprinklers is money in the bank for our company.



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"Automatic" SPRAY Sprinklers assure quicker control of fire with fewer heads opened.

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Please rush copy of Bulletin 70,—
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CORPORATION OF AMERICA
YOUNGSTOWN, OHIO

Offices in principal cities of
North and South America

"... it would be politically unwise to have 50% of the market ..."

SAFeway starts on p. 90

the papers whether a site measures up.
• **Proposed and Disposed**—If the committee gives the project the nod, the real estate department goes ahead to close the deal. The work of designing, laying out, and constructing the new store gets under way.

Now the store is finished, and again Continental moves in. This time its job is to get rid of the store Safeway has just built. For Safeway has made a religion of owning no real estate. In the late '30s, it pioneered the idea of buy-build-sell-lease.

Under this system, Safeway has literally scores of "landlords." Some of them are individual investors; most, though, are institutional investors or large operators such as Webb & Knapp (BW—Oct. 31 '53, p130).

Continental dickers with a prospective investor, sells him the store for the actual cost of land and improvements. Then it negotiates a lease on the property, 25 or 30 years. It pays rental designed to amortize the investment over that period and to return the investor about 5%. A \$300,000 property leased for 30 years, say, would fetch an annual rental of 7.02%, or \$21,060.

The buy-build-sell-lease program means that normally Safeway has no more money tied up in real estate than it needs during construction.

• **In Business**—Some two years after a specific committee meeting, the decision bears fruit—a new Safeway store is in business.

What share of the market does a Safeway store seek in a given area? About 25% is a nice, comfortable figure, Safeway management thinks—and says it has that much in some areas. Warren feels it would be "politically unwise" to command as much as 50%.

In volume, a Safeway store can be anywhere from less than \$10,000 a week to more than \$100,000. It still has 634 stores doing less than \$10,000; currently the committee is working on getting rid of these smaller, less profitable operations.

In the next few years, the committee, under Warren's watchful eye, will be looking hard at maps of the New York area. Safeway moved in on the New York market in the early '40s when it bought two small chains there. Warren makes no secret of Safeway's hope to build sales in the New York-New Jersey area to \$3.5-million or \$4-million a week—around 5% of the area's weekly food marketing.



Smooth Starts

mean low operating costs

WHEN a rear-dump truck pulls away smoothly from a shovel with a 30-ton pay load — without jolts and jerks — it's sure to stay on the job longer with less down time.

Trucks equipped with Allison TORQMATIC converters and transmissions always start smoothly — because TORQMATIC DRIVES absorb these shocks instead of transmitting them to other truck parts.

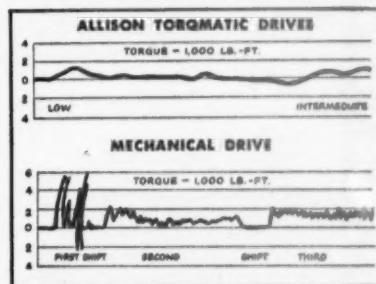
To demonstrate this, Allison engineers measured power-train shock loads in a large number of earth-moving, coal and ore-hauling trucks under both normal and extreme operating conditions. These charts show the results.

Trucks equipped with Allison TORQMATIC DRIVES showed starting shock loads four times less severe than trucks using mechanical drives. Furthermore, trucks equipped with Allison TORQMATIC DRIVES were *quick-shifted* at full throttle.

If you're operating off-highway trucks or other heavy-duty earth-moving equipment, specify Allison TORQMATIC DRIVES, the matched team of torque converter and hydraulic transmission. Ask your dealer, equipment or engine manufacturer for further information or write to:

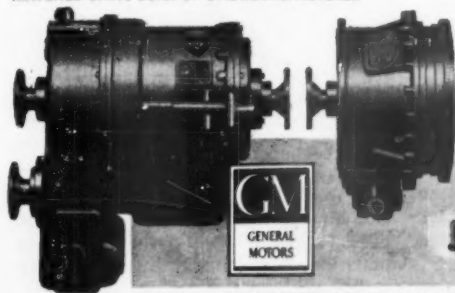
ALLISON Division of GENERAL MOTORS
Box 894BB, Indianapolis 6, Indiana

POWER-TRAIN SHOCK LOADS



Note the jugged line — shock loads — as the mechanical drive truck pulls away from the shovel and shifts from first to second gear. Compare the smooth line — no harmful shock loads — for the truck equipped with Allison TORQMATIC DRIVES.

MATCHED UNITS BUILT BY ONE MANUFACTURER



Allison TORQMATIC DRIVES



COMPACT, EFFICIENT HYDRAULIC DRIVE FOR TRUCKS * CRANES * TRACTORS * SHOVELS * DRILLING RIGS * SCRAPERS



who said
the earth is round?

By comparison with Universal Precisioneered Balls, the earth is as out-of-round as a grapefruit!

Quality-control throughout holds Universal Precisioneered Balls to tolerances of ten-millionths of an inch.

Where high speeds, noiseless operation, and minimal torsional resistance are musts, specify Universal Precisioneered Balls of chrome or stainless steels.

Universal Balls are also made in all standard grades in chrome, stainless, bronze, solar, aluminum, and special materials... all 100% inspected, all individually gauged.

**Universal
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WILLOW GROVE
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How do YOU handle TRAVEL EXPENSES???

American Home Foods, A. C. Gilbert, International Cellucotton, scores of leading corporations, for years have used TRAVELETTTERS because they

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DEPT. BW MINNEAPOLIS 14, MINNESOTA

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to make
QUICK CONTACTS
with the national business market use
clues

Courts and FTC Soften Antitrust

DuPont and Maico cases will make it harder for anti-trusters to win monopoly and exclusive dealing decisions
... GE is optimistic ... Do-it-yourself raises injury rate.

One of the toughest jobs the Republican Administration has faced is the task of reshaping Democratic anti-trust policies. This is largely because the real meanings of the antitrust laws are in court decisions.

That's why Attorney General Herbert Brownell's antitrust committee isn't expected to bring in recommendations until sometime in the fall of 1954. Although a few interim reports will be ready before that, don't look for results—such as legislation—for quite a while.

• **Switch**—But in the last couple of weeks two decisions have showed up—both in line with the trend the study committee is expected to take in making its recommendations on policy for the new Administration.

One was a complete switch in Federal Trade Commission policy on exclusive dealing contracts under the Clayton Act. The other, not directly related, was a federal court decision in Wilmington, Del., dismissing government cellophane-monopoly charges against E. I. du Pont de Nemours & Co.

• **Maico Case**—Last week's FTC decision involved the Maico Co., Inc., of Minneapolis and the dealers who retail its hearing aids. By a 4-0 vote, FTC sent the case back to a hearing examiner for reconsideration. A ruling, written by Commissioner Lowell B. Mason said the examiner erred in assuming that competition must have been impaired merely because (1) Maico is either the "fourth, fifth, or sixth" largest maker of hearing aids, and (2) Maico's business has increased since it set up exclusive dealing contracts in 1945.

The impact of this ruling goes far beyond the immediate case of the anti-trust law section involved. It represents a complete shift in emphasis, and embodies the "rule of reason" approach to antitrust questions that is the heart of the "new look in anti-trust" promised by the Republicans.

• **Old Rule**—Under Supreme Court decisions and its own policy up to this time, FTC has been finding that exclusive dealing contracts, "per se," hurt competition if the manufacturer thereby had occupied a "substantial" share of the market. This is one of the so-called per se violation rules that had general application under the Democrats.

Classic example is the Supreme Court decision in 1949 in the famous

Standard Stations case, which involved exclusive dealing agreements between Standard Oil Co. of California and its station dealers (BW—Jun. 18 '49, p. 21). The court did not require specific evidence of competitive effect, but ruled that a violation was established if it was proved that "competition has been foreclosed in a substantial share of the line of commerce affected." Standard Oil thus couldn't even defend itself on the ground that its agreements promoted more competition than they restrained.

• **More Flexible**—For the businessman, the switch signaled by FTC last week means, simply, a wider opportunity to justify and defend his conduct before FTC—on the basis of all the economic facts involved. It also means FTC lawyers are going to need really solid cases to win convictions in the future.

• **Du Pont Case**—A more liberal definition of competition also came out of the U.S. District Court in Wilmington when Judge Paul Leahy threw out Justice Dept.'s suit against du Pont.

Judge Leahy's decisions recognized that du Pont is the biggest maker of cellophane, but held that the legal view must take in the broader field of flexible wrappings.

Leahy pointed out that du Pont had licensed two other current producers of cellophane: Sylvania Division of American Viscose Corp. (formerly Sylvania Industrial Corp.) since 1930, and Ecusta Paper Corp., subsidiary of Olin Industries, Inc., since 1951. As a result, he said, du Pont's share of the cellophane market has been declining—down now to 68% of total capacity. And, he added, du Pont "has been unable to achieve as much as 20% of the production of flexible packaging materials."

"If prices set by others who supply different types of flexible packaging materials determine du Pont's price, then to that degree du Pont does not have monopoly power," Leahy said. "Years of profit do not establish monopoly power over prices. They establish this: Du Pont was an efficient business company."

Rosy Look for GE

General Electric came up with some bullish views this week when GE's top brass held its annual holiday get-together with the press in New York. Here is the gist of GE thinking as

WHAT HAPPENS TO INDUSTRIAL INVESTMENTS

in a changing business market?

Business barometers are never steady. Population growth, industrial migration, government purchases, new industries and many other factors can influence sales. And sales executives realize the need for keeping abreast of the changing pace of markets and competition.

Greater availability of products inevitably results in more selective buying and keener competition. To meet such competition the production man seeks new materials, equipment and processes. The sales executive seeks new markets and better recognition and acceptance for his company's products.

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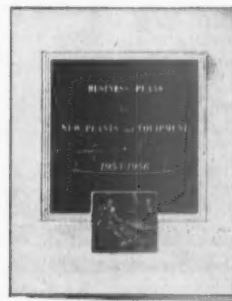
These facts indicate the need for a carefully coordinated, long-range sales and advertising program. Such plans should include a consistent, intelligently planned business magazine advertising campaign, not only to protect present markets against competition, but to develop new

markets . . . a job which business publications can do faster, and at far lower cost, than any other method.

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Opportunity for Aggressive Distributors now contacting industrial accounts. Leading manufacturer of Rust Preventative Coatings has exclusive territories available. Our representative will assist your organization in selling our line of Rust Preventative and Chemical Resisting Coatings. Write now for full details regarding this profitable franchise. Rust-Sele Company, 888D Meech Ave., Cleveland 5, Ohio.

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Established manufacturers' representative calling on Detroit industrial accounts desires additional line. RA-1114, Business Week.

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expressed by president Ralph J. Cordiner and other officials:

- It has been a good year. Civilian business at GE is up 5% for 1953; counting defense work, volume is up 28%. Backlog on Nov. 1 was 8% higher than on the first of the year.

- The year ahead is going to be even better for nationally known brands. The company's output should rise another 5% this year.

- Advertising and promotion will be stepped up. There will be more aggressive selling of electrical appliances next year. Budget for advertising and sales promotion will rise 15%.

- Color TV output will start soon. Production will pick up slowly in the coming year, and black and white is expected to maintain a sales lead for the next two years. GE believes the industry's 12-in. color receiver at the start should cost between \$800 and \$1,000.

- Fair trade will be policed. More money (\$300,000 to \$400,000) will be budgeted to enforce fair trade on small appliances.

- Double Standard—GE is trying an experiment with the pricing of its new canister vacuum cleaner, which has been listed at \$89.95, but has been price-cut widely for as low as \$54. GE is establishing, in effect, a double price on the item. The list price will remain \$89.95, but there will be an enforced fair trade price of \$79.95. The difference, GE says, is to leave room for trade-in allowances.



DOING THIS injures 59,000 each year.

Do-It-Yourself Pains

Do-it-yourself has made a huge new market for businesses ranging from tools to wallpaper (BW—Jun. 14 '52, p60). But for at least one business—accident insurance—it's a headache.

No less than 638,000 people have ac-

KEEP "clues" in MIND WHEN LOOKING FOR:

- Employment
- Personnel
- Equipment
- Special Business Service

BUSINESS WEEK

Classified Advertising Division 330 W. 42nd St.—New York 36, N. Y.

cidents every year as a result of attempting to make or repair things in their home, according to the American Mutual Liability Insurance Co., which writes personal accident policies as well as liability insurance. It says such do-it-yourself mishaps account for 16% of all home accidents among families living in single, private dwellings.

Most hazardous do-it-yourself is making your own furniture, the company finds: Some 180,000 a year are injured that way. Another 81,000 are hurt painting the outside of their homes. The roof is a bad spot, too; putting up TV antennas accounts for 59,000 injuries, roof repairs for another 47,000. Some 43,000 hurt themselves replacing broken windows, 17,000 are injured pruning trees.

AMLIC feels that lack of experience rather than carelessness causes accidents. And in making repairs people get hurt by not using the right tool for the right job.

MARKETING BRIEFS

Merchandising gimmicks: Two Pittsburgh auto dealers, Midtown Motors, Inc., and Central Lincoln Mercury Co., will give a \$500 mink stole free with every purchase of a 1953 Ford or Mercury. . . . Reversing this gambit, Bruno's of Chicago, appliance and furniture center, offers a postwar model car free to the first 300 buyers of a new \$550 Raytheon TV set.

CinemaScope became a promotional device this week: Ford Motor Co. introduced its 1954 model car on the big screen at New York's Rivoli theater.

Walter S. Mack, former president of Pepsi-Cola Co. who now heads National Phoenix Industries, has bought 40% of the common stock of B/G Foods, Inc.—national low-priced-meal chain. Mack adds this stock interest to another that he has in Nedick's, Inc., a similar chain of the East.

Trademark troubles: Mission Dry Corp. can continue labeling its grape beverage Royal Punch, over the objections of Nehi Corp., maker of Royal Crown Cola. A U.S. district court judge bases the ruling on the fact that Royal Punch doesn't taste like cola.

Johnson & Sons—maker of household waxes—has filed suit in Baltimore against John C. Stafford & Sons, charging unfair competition and trademark infringement. The suit is aimed at protecting Johnson's term "hard gloss," as applied to floor waxes, from use by other companies.

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Not to Be Left to Chance

Freedom to compete is one of the distinguishing features of the free enterprise system. Yet there is a widespread feeling, fostered during the New Deal era, that big business stifles competition in favor of monopolistic control. This view is still prevalent despite the fact that many thinkers, including New Dealers like David Lilienthal, have demonstrated that competition and big business are thoroughly compatible.

Now another economist, Harvard's Sumner Slichter, has exploded, with some fresh thoughts, the myth that competition is dying. As a matter of fact, Slichter says that competition is much more intense today than it ever was in the past. Writing in the *Atlantic Monthly*, he points out that the enormous improvement in transportation facilities has stimulated competition by exposing consumers to a wide variety of traders and products.

Moreover, developments like mail-order selling, the chain store, and the supermarket have greatly increased competition.

Technological progress has brought a vast increase in the number of competing products and processes. Oil competes with coal, and both compete with natural gas. Similarly, the new man-made fibers compete with cotton and wool, while new plastics compete with metals and glass.

Raising Living Standards

Thus, competition has been intensified, and as a result, there has been an increasing demand for goods as well as in the supply. For the rise of new products and new methods has brought new jobs into existence, which has meant higher incomes and higher living standards.

It is also true that competition has flourished even among the big producers. The search for new and better products, for instance, is now financed by companies as a normal and accepted part of business activity. In the past, improvements were almost always dependent on the individual initiative of men like Samuel F. B. Morse and Thomas Edison.

For Added Strength

As strong as competition is now, Slichter believes that it should be strengthened on the grounds that "so important is keen business rivalry that we should not trust to chance that it will continue to gain in vigor." He put forward a number of his own proposals. Among them:

- Avoid reimposing the excess-profits tax—except in time of war—because it hits hardest at the very group needing encouragement, the successful innovators. They can compete more effectively if they can plow

back profits instead of turning them over to the government.

- Forbid fair-trade agreements, because they prevent more efficient retailers from attempting to undersell less efficient rivals, and thus limit competition.

- Give management greater discretion over depreciation rates in order to encourage the installation of new and better equipment.

- Withdraw undue protection to American industries against foreign competition. Some industries, Slichter holds, are protected by such high duties that they enjoy almost complete freedom from competition.

These proposals merit the careful attention of both businessmen and government officials. Like Slichter, we feel competition is too important to the U.S. to be left to chance.

Oats and Airliners

Oats and airliners have troubled U.S.-Canadian relations of late. In fact, they stirred up a mood of angry retaliation on both sides of the border.

Last week, statesmanship on the part of Canadians and Americans resolved—and we hope buried—the oats and air problems. The U. S. agreed to lift restrictions that had blocked Trans-Canada Air Lines' proposed Montreal-to-Mexico service. These in turn had provoked Canadian retaliation against our planes flying north. Canada also agreed to limit shipments of oats to this country.

The oats issue could have caused trouble. President Eisenhower has been under powerful pressure to impose drastic curbs on the import of oats. He didn't want to do it. Nor did Canada's trade minister, C. D. Howe, want to see U. S. import quotas slapped on a Canadian product. He feared the consequences for our mutual trade would extend far beyond the oats themselves.

So Ottawa will voluntarily limit exports next year. And Washington will try to find a long-term solution for such farm import problems.

It would be foolish to magnify the importance of oats and air routes in Canadian-U. S. affairs. But they illustrate the kind of differences that must be ironed out—be they broad matters of trade, or cooperation on electric power and waterway development, natural gas and oil, defense and hemisphere strategy.

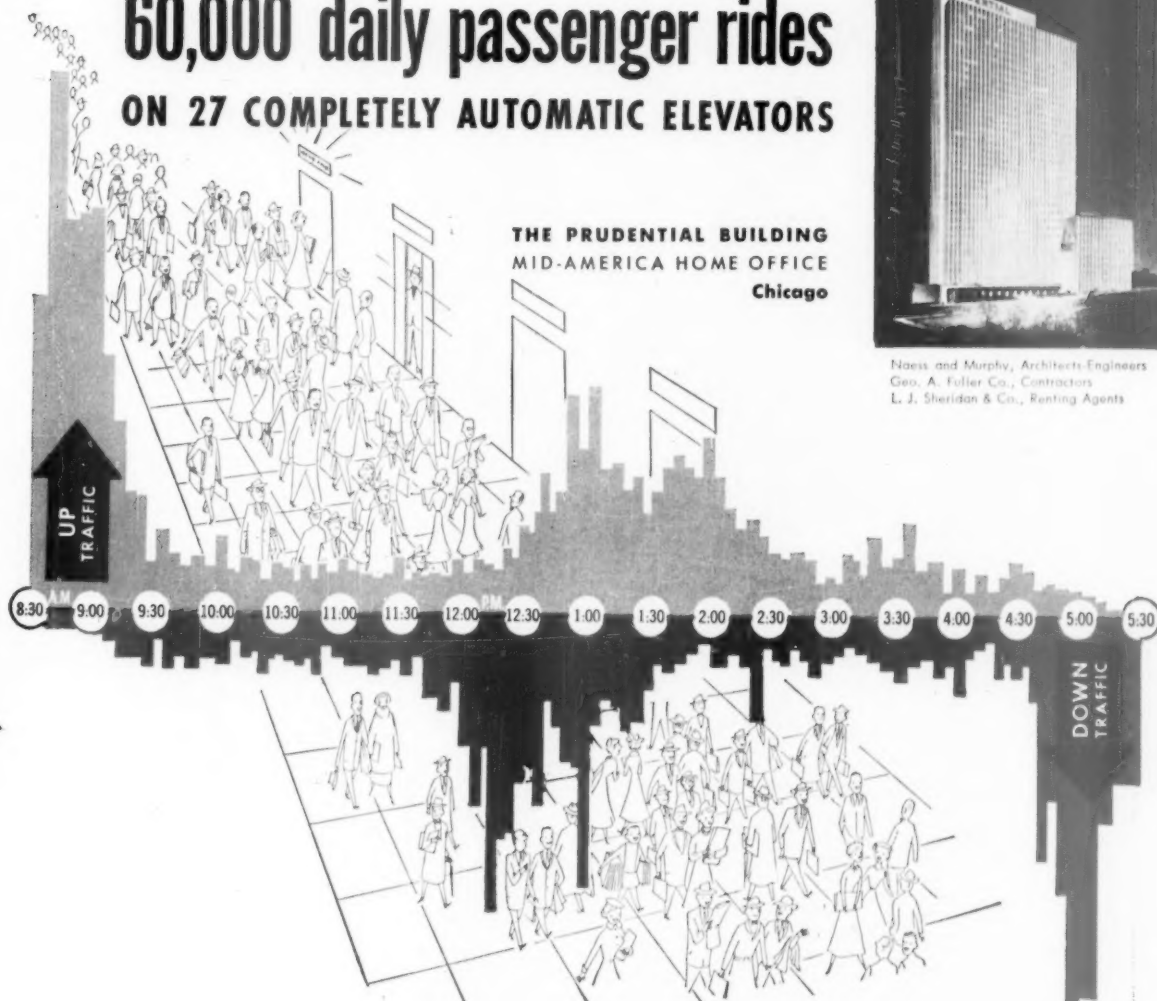
We believe that, given the kind of flexibility and statesmanship that went into the oats-airplanes affair, all outstanding matters between the two nations can be mutually and profitably resolved. Whenever a Canadian gets mad at an American—or vice versa—a good rule of thumb might be to count ten, and remember that the resources, strength, and friendship implicit in the U. S.-Canadian alliance are the envy of the entire world.

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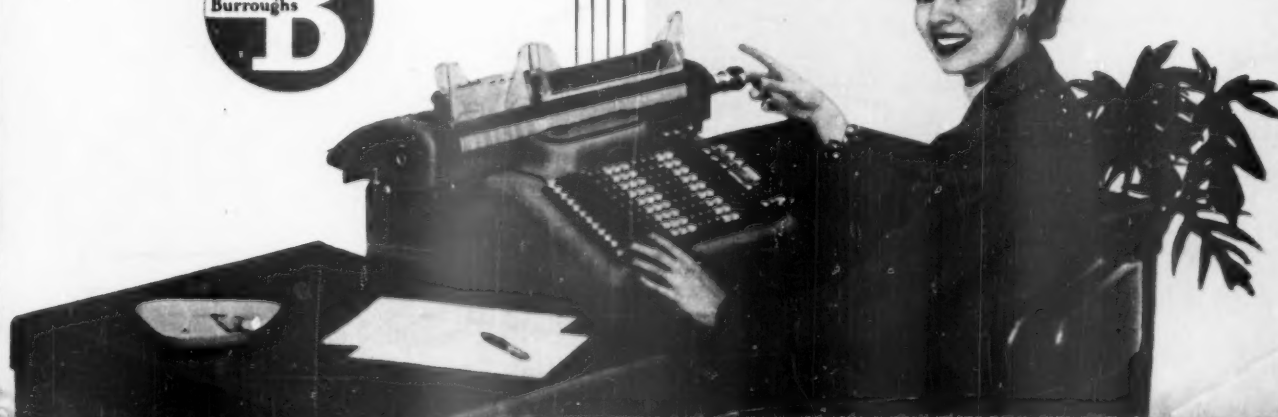
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WHEREVER THERE'S BUSINESS THERE'S

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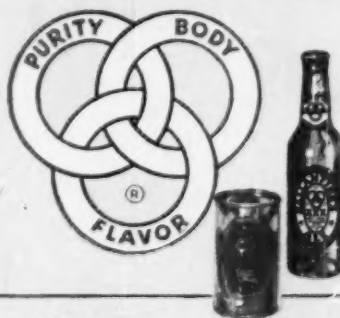
The Ralston Purina Company recently placed an order for 4 Sensimatic Accounting Machines in addition to the 16 machines it already has because "Sensimatics speed up the entire operation, save money, and our operators like them."



Based on very favorable results obtained in posting extensive inventory control records at several branch offices, Stokely-Van Camp, a leader in the canning industry, has installed Sensimatics in the home office to handle large volume accounts receivable operations.



Burroughs Sensimatic Accounting Machine has simplified accounting details and reduced costs by automatically computing, posting and writing monthly merit checks for Fram Corporation, world's largest filter manufacturer.



P. Ballantine & Sons, brewers of fine ale and beer, standardized their home office and branch accounts receivable records on Burroughs Sensimatic Accounting Machines because of "great savings in time and in form cost."